

JUL 19 1991 - 1 50 PM

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD*
CHARLES T. KAPPLER
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*ALSO ADMITTED IN NEW YORK
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LAW OFFICES
ALVORD AND ALVORD INTERSTATE COMMERCE COMMISSION
URBAN A. LESTER

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N.W.

WASHINGTON, D.C.

20006-2973

(202) 393-2266

July 19, 1991

TELEX
440367 A AND A

TELEFAX
(202) 393-2156

\$15

New Number

1-200A032

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two fully executed and acknowledged copies of an Equipment Lease dated as of July 19, 1991, a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed document are:

Lessor: Barclays Leasing, Inc.
201 South Tryon Street
Charlotte, North Carolina 28231

Lessee: SouthRail Corporation
111 East Capitol Street
Jackson, Mississippi 39201

A description of the railroad equipment covered by the enclosed document is set forth in Exhibit A attached hereto and made a part hereof.

Also enclosed is a check in the amount of \$15 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return a stamped copy of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D. C. 20006.

JUL 19 1 42 PM '91

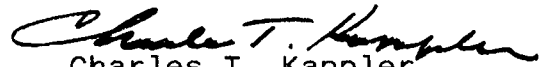
Counters - CT Kappler

Mr. Sidney L. Strickland, Jr.
July 19, 1991
Page Two

A short summary of the enclosed primary document to appear in the Commission's Index is:

Equipment Lease dated as of July 19, 1991 between Barclays Leasing, Inc., Lessor, and SouthRail Corporation, Lessee, covering 350 Railcars in the series SOU 140500 through SOU 140848 and SOU 140927 through SOU 140930, both inclusive.

Very truly yours,


Charles T. Kappler

CTK/bvs

EXHIBIT A
TO EQUIPMENT LEASE
DATED AS OF JULY 18, 1991 BETWEEN
BARCLAYS LEASING, INC.
AND
SOUTHRAIL CORPORATION

Page 2.

SOU 140500	SOU 140575	SOU 140650	SOU 140725	SOU 140800
SOU 140501	SOU 140576	SOU 140651	SOU 140726	SOU 140801
SOU 140502	SOU 140577	SOU 140652	SOU 140727	SOU 140802
SOU 140503	SOU 140578	SOU 140653	SOU 140728	SOU 140803
SOU 140504	SOU 140579	SOU 140654	SOU 140729	SOU 140804
SOU 140505	SOU 140580	SOU 140655	SOU 140730	SOU 140805
SOU 140506	SOU 140581	SOU 140656	SOU 140731	SOU 140806
SOU 140507	SOU 140582	SOU 140657	SOU 140732	SOU 140807
SOU 140508	SOU 140583	SOU 140658	SOU 140733	SOU 140808
SOU 140509	SOU 140584	SOU 140659	SOU 140734	SOU 140809
SOU 140510	SOU 140585	SOU 140660	SOU 140735	SOU 140810
SOU 140511	SOU 140586	SOU 140661	SOU 140736	SOU 140811
SOU 140512	SOU 140587	SOU 140662	SOU 140737	SOU 140812
SOU 140513	SOU 140588	SOU 140663	SOU 140738	SOU 140813
SOU 140514	SOU 140589	SOU 140664	SOU 140739	SOU 140814
SOU 140515	SOU 140590	SOU 140665	SOU 140740	SOU 140815
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SOU 140533	SOU 140608	SOU 140683	SOU 140758	SOU 140833
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SOU 140547		SOU 140697	SOU 140772	SOU 140847
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SOU 140549	SOU 140624	SOU 140699	SOU 140774	
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SOU 140552	SOU 140627	SOU 140702	SOU 140777	SOU 140929
SOU 140553	SOU 140628	SOU 140703	SOU 140778	SOU 140930
SOU 140554	SOU 140629	SOU 140704	SOU 140779	
SOU 140555	SOU 140630	SOU 140705	SOU 140780	
SOU 140556	SOU 140631	SOU 140706	SOU 140781	
SOU 140557	SOU 140632	SOU 140707	SOU 140782	
SOU 140558	SOU 140633	SOU 140708	SOU 140783	
SOU 140559	SOU 140634	SOU 140709	SOU 140784	
SOU 140560	SOU 140635	SOU 140710	SOU 140785	
SOU 140561	SOU 140636	SOU 140711	SOU 140786	
SOU 140562	SOU 140637	SOU 140712	SOU 140787	
SOU 140563	SOU 140638	SOU 140713	SOU 140788	
SOU 140564	SOU 140639	SOU 140714	SOU 140789	
SOU 140565	SOU 140640	SOU 140715	SOU 140790	
SOU 140566	SOU 140641	SOU 140716	SOU 140791	
SOU 140567	SOU 140642	SOU 140717	SOU 140792	
SOU 140568	SOU 140643	SOU 140718	SOU 140793	
SOU 140569		SOU 140719	SOU 140794	
SOU 140570	SOU 140645	SOU 140720	SOU 140795	
SOU 140571	SOU 140646	SOU 140721	SOU 140796	
SOU 140572	SOU 140647	SOU 140722	SOU 140797	
SOU 140573	SOU 140648	SOU 140723	SOU 140798	
SOU 140574	SOU 140649	SOU 140724	SOU 140799	

Interstate Commerce Commission

Washington, D.C. 20423

7/19/91

OFFICE OF THE SECRETARY

Charles T. Kappler
Alvord And Alvord
200 World Center Building
918 Sixteenth Street, N. W.
Washington, D. C. 20006-2973

Dear Sirs:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 7/19/91 at 1:50PM , and assigned recordation number(s). 17442.

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

17442

REGISTRATION NO. _____ FILED 1425

JUL 19 1991 - 1 50 PM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of July 19, 1991

Between

Barclays Leasing, Inc.

And

SouthRail Corporation

FILED AND RECORDED WITH THE INTERSTATE COMMERCE COMMISSION PURSUANT TO 49
U.S.C. §11303 ON _____.

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EXHIBIT F	Bill of Sale

EQUIPMENT LEASE

THIS EQUIPMENT LEASE, dated as of July 19, 1991 (the "Lease") between Barclays Leasing, Inc., a North Carolina corporation (the "Lessor") and SouthRail Corporation, a Delaware corporation (the "Lessee").

W I T N E S S E T H :

SECTION 1. DEFINITIONS; CONSTRUCTION OF REFERENCES.

In this Lease, unless the context otherwise requires:

(a) All references in this Agreement to designated Sections and other subdivisions of this Agreement, and the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision.

(b) The terms defined in this Section or elsewhere in this Agreement shall, for purposes of this Lease, have the meanings assigned to them in this Section or elsewhere and include the plural as well as the singular.

(c) Except as otherwise indicated, all the agreements or instruments herein defined shall mean such agreements or instruments as the same may from time to time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with, the terms thereof.

(d) The following terms shall have the following meanings for all purposes of this Equipment Lease:

Abatements shall have the meaning set forth in Section 6 hereof.

AGREEMENTS shall mean collectively this Lease, any Purchase Documents and each of the agreements, documents and instruments to be executed and delivered by Lessee in connection herewith.

Base Lease Term Commencement Date, Basic Lease Rate Factors, Late Payment Rate, Basic Rent Dates, First Basic Rent Date, Last Basic Rent Date, Expiration Date, Early Termination Value and Daily Lease Rate Factor shall have the meaning set forth in Exhibit C hereto.

Basic Rent shall have the meanings set forth in Section 5(b) hereof.

Bill of Sale shall mean a bill of sale substantially in the form of Exhibit F hereto.

Business Day shall mean any day other than a Saturday, Sunday or other day on which banks located in Jackson, Mississippi or Charlotte, North Carolina, are authorized to close.

Casualty Value shall have the meaning set forth in Exhibit D hereto.

Certificate of Acceptance shall mean a certificate of acceptance substantially in the form of Exhibit B hereto, which shall be executed by Lessee on or prior to the Closing Date (as hereinafter defined) of this Agreement, indicating acceptance of the Equipment.

Claims shall have the meaning set forth in Section 15 hereof.

Closing Date shall mean the date hereof.

Code shall mean the Internal Revenue Code of 1986, as amended.

Default shall mean an event which, after the giving of notice or lapse of time, or both, would mature into an Event of Default.

Depreciation Deductions shall have the meaning set forth in Section 17 hereof.

Domestic Source shall have the meaning set forth in Section 17(a) hereof.

Equipment, and individually an Item of Equipment, shall have the meanings set forth in Section 3 hereof.

Event of Default shall have the meaning set forth in Section 19 hereof.

Event of Loss shall have the meaning set forth in Section 13(c) hereof.

Guarantors shall mean (singularly or collectively) MidSouth Rail Corporation, MidLouisiana Rail Corporation, MidSouth Corporation.

Impositions shall have the meaning set forth in Section 10 hereof.

Improvement shall have the meaning set forth in Section 11(c) hereof.

Inclusion shall have the meaning set forth in Section 17(d)(2) hereof.

Internal Revenue Service shall mean the Internal Revenue Service of the United States of America.

Lease Term shall have the meaning set forth in Section 5(a) hereof.

Lessor's Cost, with respect to the Equipment shall mean the "Lessor's Cost" set forth in the Certificate of Acceptance with respect to the Equipment.

Liens and Lessor Liens shall have the meanings set forth in Section 9 hereof.

Loss shall have the meaning set forth in Section 17(d) hereof.

Person shall mean any individual, partnership, corporation, trust, unincorporated association or joint venture, a government or any department or agency thereof, or any other entity.

Purchase Documents shall mean all invoices and Bills of Sale, Purchase Agreement Assignment, as well as the Certificate of Acceptance pertaining to the Equipment.

Purchase Agreement Assignment shall mean an assignment substantially in the form of Exhibit E hereto.

Repair Cost shall have the meaning set forth in Section 23 hereof.

Requisition of Use shall have the meaning set forth in Section 13(a) hereof.

Rent means, collectively, Basic Rent and Supplemental Rent.

Supplemental Rent shall mean the payments required to be made by the Lessee to the Lessor pursuant to Section 5(c).

Tax Benefit shall have the meaning set forth in Section 17(a) hereof.

Vendor shall mean the Norfolk Southern Railway Company.

SECTION 2. DOCUMENTATION PRECEDENT TO THE LEASE.

(a) Simultaneous with execution and delivery hereof, the Lessee shall deliver to the Lessor:

(i) the certificate of incorporation of the Lessee, certified by the Secretary of the State of Delaware which certification shall, among other things, attest to the good standing of the Lessee;

(ii) the appropriate resolution adopted by its board of directors, which resolution duly authorizes the execution and delivery of each of the AGREEMENTS and the performance of the transactions to be performed by it pursuant thereto, each of which shall be duly certified by an officer thereof;

(iii) a certificate executed by an officer of the Lessee, stating that, to the best knowledge of such officer, no Event of Default, or event which with the passage of time or the giving of notice or both would become an Event of Default, has occurred or is continuing;

(iv) an opinion of special Interstate Commerce Commission counsel that as of the Closing Date, all relevant records have been checked and that there are no liens of record against the Equipment and that Lessor is the sole owner of the Equipment free and clear of any liens or encumbrances whatsoever;

(v) opinions of counsel to all Guarantors and an opinion from counsel to the Lessee, all dated the date hereof, addressed to the Lessor to the effect that:

(1) the Lessee (Guarantor) is a corporation duly organized, validly existing and in good standing under the laws of Delaware and has the corporate power to own its assets and to conduct the business in which it is engaged and is duly qualified as a foreign corporation in good standing in each other state in which the nature of its business conducted by it or the assets owned or leased by it make such qualification necessary to avoid any material exposure;

(2) the Lessee (Guarantor) has full corporate power, authority and legal right to enter into and to carry out the terms of each of the AGREEMENTS (or with regard to each Guarantor, the Guaranty) executed or to be executed in connection herewith to which it is or will become a party;

(3) the execution, delivery and performance by the Lessee of any of the AGREEMENTS to which it is or will become a party (or, with regard to each Guarantor, the execution, delivery and performance by the Guarantor of the Guaranty):

(x) does not and will not require any stockholder approval or approval or consent of any trustee or holders of any indebtedness or obligations of the Lessee (Guarantor) (except as to holders of indebtedness specified in such opinion);

(y) does not and will not contravene any of the provisions of the certificate of incorporation or by-laws of the Lessee (Guarantor) or to the best knowledge of such counsel, any law or governmental rule, regulation or order applicable to the Lessee (Guarantor); and

(z) does not and will not result in the violation of, or be in conflict with, or constitute a default under, or subject any property or assets of the Lessee (Guarantor) to any lien, charge or encumbrance of, any indenture, contract, agreement or other instrument (other than as contemplated in connection with this transaction) binding on the Lessee (Guarantor) or any of its assets;

(4) except for the filing of this Lease with the ICC pursuant to 49 U.S.C. §11303, no approval, consent, order for authorization of, or registration with, or notice to, any governmental authority is or was required to be obtained, effected or given by the Lessee (Guarantor) in connection with the execution and delivery of, or the carrying out by the Lessee (Guarantor) of any of the transactions contemplated by, any of the AGREEMENTS (as to Guarantor, the Guaranty) to which it is or will become a

party (except such as have been duly obtained, effected or given, specifying the same);

(5) to the best knowledge of such counsel, there are no actions, suits or proceedings currently pending or presently threatened before any court, arbitrator or governmental body against, or which relate to the Lessee (Guarantor) or any of its property or any of the AGREEMENTS (or with regard to each Guarantor, the Guaranty) to which it is or will become a party which, individually or in the aggregate, if adversely determined:

(A) might have a material adverse effect upon the business, operations or financial condition of the Lessee (Guarantor) or upon its ability to perform its obligations under any of the AGREEMENTS (or with regard to each Guarantor, the Guaranty) to which it is or will become a party; or

(B) might be reasonably expected to prevent or significantly impair the carrying out of this transaction; and

(6) assuming acceptance by the Lessor pursuant to the Lease, the Lessor will become the sole owner of each unit of Equipment so accepted, the Lessor's interest in the Equipment is free and clear of all liens, charges and encumbrances of record arising out of acts or omissions of the Lessee, other than liens, security interests and rights created or permitted by this Lease.

(7) The provisions and protections afforded lessors pursuant to Section 1168 of the Bankruptcy Code are applicable to this transaction.

Such counsel for Lessee (Guarantor) may state in rendering the foregoing opinion that (a) counsel has assumed the due authorization, execution and delivery by the Lessor of the AGREEMENTS to which it is a party; (b) such counsel expresses no opinion other than as to the laws of the United States of America, the corporate law of the state of Delaware and the good standing certificates in the state of Mississippi; (c) in

rendering any opinion regarding enforceability, such opinion is limited by applicable bankruptcy, moratorium or insolvency laws as may, from time to time, be in effect.

(b) On or before the fifth Business Day (as defined in Section 1 hereof) of the Closing Date, the Lessee shall also deliver to the Lessor executed originals of the following documents and certificates, each satisfactory in form and substance to the Lessor and its counsel:

(i) Certificates of Acceptance in respect of the Equipment;

(ii) Purchase Agreement Assignment in the form of Exhibit E hereto;

(iii) an invoice and/or bill of sale in respect to each Item of Equipment naming Lessor as the purchaser of the Equipment issued by the vendor thereof;

(iv) a certificate or certificates in respect of the insurance required under Section 14 hereof;

(v) Uniform Commercial Code Financing Statements as deemed necessary and provided by Lessor.

SECTION 3. LEASE AND PURCHASE OF EQUIPMENT.

Subject to the terms and conditions of this Lease, the Lessor hereby agrees to lease to the Lessee, and the Lessee hereby agrees to lease from the Lessor, such Items of Equipment described in Exhibit A hereto which the Lessor accepts for lease pursuant to a Certificate of Acceptance (Equipment, and individually an Item of Equipment or Item) delivered herewith. Upon delivery of each Item of Equipment the Lessee shall have caused an authorized representative of the Lessee to inspect the same and, if such Item of Equipment is found to be in good order and in conformity with the specifications set forth in the Purchase Documents, shall have caused such Items of Equipment to be accepted pursuant to the Certificate of Acceptance.

It is the understanding of the parties that all items of Equipment described in Exhibit A are being leased as one unit of Equipment which is necessary in order to protect Lessor's interests and values in the Equipment.

SECTION 4. APPOINTMENT OF AGENT.

(a) Appointment of Authorized Agent. For purposes of accepting the Equipment from the vendor thereof, the Lessor hereby appoints the Lessee as authorized representative of the Lessor. Until such authority shall have been terminated pursuant to paragraph (b) of this Section, such authorized representative shall be authorized to take possession of the Equipment upon delivery thereof to the Lessee by the vendor, to accept on behalf of the Lessor all Purchase Documents, if any, delivered at such time with respect to the Equipment, and to take such action with respect thereto as is authorized by Section 3 hereof. The Lessee hereby agrees that the acceptance of the Equipment by the Lessee as such authorized representative shall, without further act, irrevocably constitute acceptance by the Lessee of such Equipment for all purposes of this Lease.

(b) Termination of Appointment of Authorized Agent. The authority of the authorized representative granted pursuant to paragraph (a) of this Section shall terminate upon notice thereof to the Lessee by the Lessor.

SECTION 5. TERM AND RENT.

(a) The term of this Lease ("Lease Term") with respect to the Equipment shall begin on the date hereof, and shall end on the Expiration Date, unless this Lease shall have been terminated in accordance with the terms hereof.

(b) The Lessee shall pay to the Lessor as basic rent (herein referred to as Basic Rent) for each Item of Equipment, the following:

(i) On the Base Lease Term Commencement Date an amount equal to the Daily Lease Rate Factor multiplied by the Lessor's Cost of the Equipment for each day elapsed from and including Closing Date to, but excluding, the Base Lease Term Commencement Date;

(ii) On the First Basic Rent Date, and on each Basic Rent Date after the First Basic Rent Date to, and including, the Last Basic Rent Date, an amount, equal to Basic Lease Rate Factor multiplied by the Lessor's Cost of such Item. The \$25,000 commitment fee paid by Lessee to Lessor shall be credited to the first rental payment or to any Supplemental Rent owed by Lessee.

Lessor shall submit invoices for each Basic Rent payment to Lessee on or before five (5) days prior to each Basic Rent Date; provided, however, that failure to submit such invoice shall not terminate, delay or otherwise affect the obligation of Lessee to make any payment of Basic Rent hereunder.

(c) The Lessee shall pay to the Lessor the following amounts as Supplemental Rent:

(i) On the dates or at the time provided in this Lease any amount (other than Basic Rent and Casualty Value) which the Lessee assumes the obligation to pay, or agrees to pay, under this Lease to the Lessor;

(ii) On any applicable date provided in this Lease any amount payable hereunder as Casualty Value; and

(iii) On demand, to the extent permitted by applicable law, interest (computed on the basis of a 360-day year of twelve 30-day months) at the Late Payment Rate on any payment of Basic Rent or Supplemental Rent referred to in subparagraph (b) (i) or (ii) above not paid when due for the period commencing after such due date and continuing until the date on which such payment shall have been made.

The expiration or other termination of the Lessee's obligation to pay Basic Rent hereunder shall not limit or modify the obligations of the Lessee with respect to Supplemental Rent.

d) All payments of Rent hereunder shall be made so that the Lessor shall have immediately available funds in its account number 0340-7003665 at Barclays Bank of North Carolina, South Tryon Street office, Charlotte, North Carolina, no later than 2:00 p.m. North Carolina time on the date payable hereunder or at such other address or to such other Person as the Lessor may direct by notice in writing to Lessee. If any due date is not a Business Day, the payment shall be payable on the next succeeding Business Day.

SECTION 6. NET LEASE.

This Lease is a net lease, and the Lessee acknowledges and agrees that the Lessee's obligation to pay all Rent and any other amounts and perform all other obligations hereunder, and the rights of the Lessor in and to such Rent, and performance of other obligations shall be absolute and unconditional and shall not be subject to any abatement, reduction, set-off, defense, counterclaim or recoupment ("Abatements") for any reason whatsoever, including, without limitation, Abatements due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise, or against the manufacturer or vendor of any Item of Equipment or any other Person except as specified herein. Except as otherwise expressly provided in Section 13 hereof, this Lease shall not terminate, nor shall the obligations of the Lessee be affected, by reason of a) any defect in or damage to, or any loss or destruction of, the Equipment or any Item of Equipment thereof from whatsoever cause, or b) the interference with the use thereof by any Person other than Lessor acting in breach of its covenants of quiet enjoyment set forth in Section 26, or c) the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of the Lessor to enter into this Lease, or any failure of the Lessor to perform any obligation of the Lessor to the Lessee or any other Person under this Lease or any instrument or document executed in connection herewith, or d) for any

other cause, whether similar or dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding, it being the express intention of the Lessor and the Lessee that all Rent payable by the Lessee and performance of all other obligations hereunder shall be, and continue to be, payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. However, notwithstanding any of the above, so long as Lessee is not in default pursuant to the terms and conditions of the Lease, Lessor shall not interfere with Lessee's quiet enjoyment of the Equipment.

SECTION 7. DISCLAIMER OF WARRANTY.

The Lessor has made no warranties and representations to the Lessee, whether written, oral or implied, with respect to this Lease or the Equipment and THE LESSOR SHALL NOT BE DEEMED TO HAVE MADE, AND THE LESSOR HEREBY DISCLAIMS, ANY OTHER REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF THE PURCHASE DOCUMENTS, NOR SHALL THE LESSOR BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT OR ABSOLUTE LIABILITY IN TORT), but the Lessor authorizes the Lessee, at the Lessee's expense, to assert for the Lessor's account, during the term of this Lease, so long as no Event of Default shall have occurred and be continuing hereunder, all of the Lessor's rights under any applicable manufacturer's or Vendor's warranty and the Lessor agrees to cooperate with the Lessee at the Lessee's expense in asserting such rights; provided, however, that the Lessee shall indemnify the Lessor and hold the Lessor harmless from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by the Lessor in connection with, as a result of, or incidental to, any action by the Lessee pursuant to the above authorization. Any amount received by the Lessee as payment under any such warranty shall be applied to restore the Equipment to the condition required by Section 11 hereof and with the balance of such amount, if any, shall be retained by the Lessee.

SECTION 8. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE LESSEE.

The Lessee represents, warrants and agrees as follows:

(a) Corporate Organization and Power. The Lessee is a corporation duly organized and validly existing in good standing under the laws of the jurisdiction of its incorporation, is duly qualified to do business in each jurisdiction where its failure to so qualify would have a material adverse effect on its business, operations or financial condition or its ability to perform or observe its agreements hereunder and has the corporate power and authority to hold property under lease and to enter into and perform its obligations under the AGREEMENTS.

(b) Execution and Delivery of Documents. The execution, delivery and performance by the Lessee of the AGREEMENTS have been duly authorized by all necessary corporate action on the part of the Lessee, are not inconsistent with and do not violate the Lessee's Articles of Incorporation, do not and will not contravene any law or governmental rule, regulation or order now in effect applicable to it, and do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which the Lessee is a party or by which it is bound. The AGREEMENTS constitute legal, valid and binding agreements of the Lessee, enforceable in accordance with their respective terms except as to laws of bankruptcy, moratorium or insolvency as may from time to time be in effect.

In the event of Lessee bankruptcy, Lessee acknowledges and agrees that Section 1168 of The Bankruptcy Code, as amended, (or any similar provision of The Bankruptcy Code that may be enacted offering similar Lessor protections) is applicable to this transaction.

(c) Governmental Approvals. Except for filing this Lease with the ICC pursuant to 49 U.S.C. §11303, no consent or approval of, giving of notice to, registration with, or taking of any other action in respect of or by, any domestic or foreign state, federal or other governmental authority or agency or any exchange control approval is required to be obtained by the Lessee with

respect to the execution, delivery or performance by the Lessee of the AGREEMENTS or, if any such approval, notice, registration or action is required, it has been duly given or obtained.

(d) Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against the Lessee in any court or before any governmental commission, board or authority which in the opinion of Lessee would materially adversely affect the Lessee's financial condition or business or the transactions contemplated hereby or Lessee's ability to perform or observe its obligations under the AGREEMENTS.

(e) Condition of the Equipment. The Lessee represents, warrants and covenants that (i) each Item of Equipment is and, when used as contemplated by this Lease, will be personal property and no Item of Equipment, when subjected to use by the Lessee under this Lease, will be or become a fixture under applicable law, (ii) Lessor has good title to each Item of Equipment free and clear of any liens, encumbrances or security interests created by, through or under Lessee other than those permitted under Section 9 hereof.

(f) Financial Statements. The consolidated balance sheet and statement of income of the Lessee and the Guarantors heretofore delivered to the Lessor dated December 31, 1990 have been prepared in accordance with generally accepted accounting principles and fairly present the financial position of the Lessee and the Guarantors on and as of the date thereof and the results of its operations for the period or periods covered thereby. Since December 31, 1990 there has been no material and adverse change in the financial condition of the Lessee or the Guarantors from that shown in such balance sheet and statement of income dated December 31, 1990.

(g) Access to or Furnishing of Information. During the term of this Lease, including any extensions thereof, the Lessee shall furnish to the Lessor:

(i) Within 90 days after the close of each fiscal year of the Lessee and the Guarantors a consolidated balance sheet and statement of cash flows of the Lessee and the Guarantors at and as of the end of such fiscal year, together with a consolidated statement of income of the Lessee and the Guarantors for such fiscal year.

(ii) Within 90 days after the close of each fiscal year a certificate of the chief financial officer of Lessee and the Guarantors stating that he has reviewed the activities of Lessee and that, to the best of his knowledge, there exists no Default or Event of Default, as such terms are defined herein.

(iii) Within 90 days after the close of each fiscal year of MidSouth Corporation a consolidated balance sheet and statement of cash flows of MidSouth Corporation at and as of the end of such fiscal year, together with a consolidated statement of income of MidSouth Corporation for such fiscal year, with comparative figures for the immediately preceding fiscal year, certified by Arthur Andersen & Co. or other independent public accountants of recognized international standing amongst the "Big 5" selected by MidSouth Corporation, and acceptable to Lessor.

(iv) Within 60 days after the close of each of the first three quarters of each fiscal year of MidSouth Corporation a consolidated balance sheet and consolidated income statement of MidSouth Corporation at and as of the end of such quarter with comparative figures for the corresponding period of the immediately preceding fiscal year, certified as presenting fairly the financial condition and results of operations of MidSouth Corporation by a financial officer of MidSouth Corporation empowered to do so.

(v) From time to time such other information as the Lessor may reasonably request.

(h) Merger, Sale, Etc. The Lessee covenants not to sell, exchange, transfer or otherwise dispose of all or any substantial portion of Lessee's property or consolidate with or merge into any other business concern except in the event that such business concern is an affiliate of Lessee thereof and such business concern shall have duly assumed the obligations of the Lessee hereunder.

(i) Chief Executive Office and Chief Place of Business of the Lessee. The chief executive office and chief place of business, as such terms are defined in the Uniform Commercial Code, of the Lessee are located at 111 E. Capitol Street, Jackson, Mississippi 39201. The Lessee shall notify the Lessor, in writing, of any change in the location of such chief executive office and chief place of business, within 30 days after such change occurs, and shall set forth in such notice the new location of such office(s) and place(s) of business. If the Lessee's chief executive office is relocated to a location outside of the United States, such notice shall set forth the location of the Lessee's major executive office within the United States.

(j) Warranty of Title. The Lessor, on the Closing Date has good and marketable title to each Item of Equipment, free and clear of all Liens other than Lessor's Liens and the Lessee will at its sole expense defend such title against all claims, liens, encumbrances and interests of all persons whatsoever (other than Lessor's Liens).

(k) Ownership of Equipment; Lessors' Inspection; Labels. The Equipment is, and shall at all times remain, the property of Lessor; and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Agreement. The Equipment is, and shall at all times be and remain personal property. Lessor shall have the right, but not the obligation, to inspect the Equipment at any reasonable time and Lessee shall, whenever requested by Lessor, advise Lessor of the exact location of the Equipment. The Lessee will cause each Item of Equipment to be kept numbered either with its car initial and number as set forth in Exhibit A describing such Item of Equipment ("Old Numbers" or with the car initials and numbers set

forth in Exhibit __ ("New Numbers"). Within 120 days of the Closing Date, the Lessee shall have the Equipment remarked with the New Numbers and will mark and will keep and maintain, plainly, distinctly, permanently and conspicuously by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height the following legend: "Leased from Barclays Leasing, Inc., as Lessor under a Lease filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303", with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect (i) the title of the Lessor to such Item of Equipment, (ii) the Lessor's rights under this Lease and (iii) the rights of any assignee of the Lessor pursuant to Section 18 hereof. The Lessee will replace promptly any such name or names and word or words which may be removed, defaced or destroyed. Except as provided above the Lessee will not change the car initial and number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new car initials and numbers to be substituted thereof, which consent and statement previously shall have been (a) filed with the Lessor by the Lessee and (b) filed, recorded or deposited in all public office where this Lease shall have been filed, recorded or deposited.

Except as above provided, the Lessee will not allow the name of any Person to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee.

SECTION 9. LIENS.

The Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgages, liens, security interests, charges, encumbrances and claims ("Liens") on or with respect to the Equipment, the Lessor's title thereto or any interest of the Lessor therein or the Lessee's leasehold interest in the Equipment (and the Lessee will promptly, at its own expense, take such action as may be necessary to duly discharge any such Lien), except (a) as affecting the respective rights of the Lessor and the Lessee as provided herein and in the Agreements, (b) liens for taxes either not yet due

or being contested by the Lessee in good faith with due diligence and by appropriate proceedings, if counsel for the Lessor shall have determined that the nonpayment of any such tax or the contest of any such payment in such proceedings does not, in the opinion of such counsel, adversely affect the title, property or rights of the Lessor in the Equipment, or if the lien obligation is bonded or stayed or if Lessee has set aside an adequate reserve for the payment of any such lien on its books provided the financial condition of the Lessee is satisfactory to the Lessor and (c) inchoate materialmen's, mechanics', workmen's, repairmen's, employees', or other like Liens arising in the ordinary course of business of the Lessee and not delinquent, (d) Liens created by the Lessor other than as a result of the occurrence of an Event of Default or resulting from claims against the Lessor not related to the Lessor's ownership of the Equipment (Liens described in clause (d) above being herein referred to as "Lessor's Liens").

Lessee shall notify the Lessor in writing of the existence of any attachment, tax lien or other judicial process affecting Items of Equipment, as well as the present status and action taken with respect thereto promptly after learning of the existence thereof.

Lessor shall not create, allow to be created or permit to exist any lien, encumbrance or security interest in the Equipment (other than those pursuant to Section 18) arising as a result of any act of Lessor or claim against Lessor which claim does not arise as a result of Lessee's failure to observe or perform an obligation of Lessee.

SECTION 10. TAXES.

(a) The Lessee agrees to pay and to indemnify the Lessor for, and hold the Lessor harmless from and against (on a net after-tax basis) all withholdings with respect to taxes and all taxes of any nature, form or description, including, without limitation, license and registration fees, excise taxes and sales and use taxes, together with any penalties, fines or interest thereon ("Impositions"), arising out of the transactions contemplated

by this Lease and imposed against the Lessor, the Lessee or any Item of Equipment by any federal, state, local or foreign government or taxing authority upon or with respect to any Item of Equipment or upon the sale, purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon the rentals, receipts or earnings arising therefrom, or upon or with respect to this Lease; provided however the foregoing indemnity shall not apply: (i) to any Impositions arising out of any federal taxes imposed on or measured by the Lessor's net income from or with respect to any Item of Equipment or with respect to the transactions contemplated by this Lease or taxes imposed in substitution thereof; (ii) to the aggregate of any Impositions arising out of any state or local taxes imposed on or measured by the Lessor's net income from or with respect to any Item of Equipment or with respect to the transactions contemplated by this Lease or taxes imposed in substitution thereof; (iii) to any Impositions imposed as a result of the wilful misconduct or gross negligence of the Lessor; and (iv) any Impositions which are included in Lessor's Cost.

(b) The Lessee agrees to pay all sales or use taxes imposed with respect to any Basic Rent or Supplemental Rent and property taxes imposed with respect to the Equipment to the appropriate taxing authorities and to make copies of all returns, receipts and other documents related to such payment available to the Lessor. To the extent the Lessee is not permitted or Lessor elects to file any required reports or returns, or remit the required payments, Lessor shall file the required returns or reports and remit the required payments and the Lessee shall promptly on demand remit the amount of such taxes to Lessor, and the Lessee agrees, except as provided in Section 10 (a) above, to indemnify and hold Lessor harmless for any taxes or penalties assessed as a result of Lessor's inaction due to Lessor's lack of knowledge of any filing requirements.

(c) If a claim is made against the Lessor for any Impositions, with respect to which the Lessee is liable for payment or indemnification under this Section 10, the Lessor shall within 30 days give the Lessee notice in writing of such claim and shall furnish the Lessee with copies of any request for information from any taxing authority relating to such Impositions, and

shall in good faith, with due diligence and at the Lessee's expense, if requested in writing by the Lessee, contest (or shall permit Lessee to contest in the name of Lessor) the validity, applicability, or amount of such Impositions; provided, however, that the Lessor shall not be required to take any action pursuant to this Section unless and until (i) the Lessor shall have reasonably determined that the action to be taken shall not result in the forfeiture or loss of any Item of Equipment; (ii) the Lessor shall have received at Lessee's expense a written opinion of counsel mutually acceptable to the Lessee and the Lessor to the effect that there is a reasonable basis to contest such Imposition; (iii) the Lessee agrees that the Imposition to be contested is one against which the Lessee is obligated to indemnify the Lessor under this Section 10, and (iv) the Lessee shall have reimbursed the Lessor for any amounts required to be paid by the Lessor to obtain the right to contest. If the Lessor shall obtain a refund of all or any part of any taxes or other Impositions attributable to any amount paid by the Lessee pursuant to this Section 10, the Lessor shall promptly pay to Lessee the amount of such refund (plus any interest received thereon) together with any additional amounts theretofore paid by the Lessee in respect of such Impositions net of out-of-pocket expenses not otherwise reimbursed by the Lessee, so that the Lessor shall neither profit nor lose (on a net after-tax basis) from such Imposition, the indemnity and the refund in respect thereof; provided, however, that any such payment may be deferred if a Default or Event of Default shall have occurred and be continuing hereunder.

(d) If a claim is made against the Lessee or the Lessor for any Imposition for which such party denies liability, the party receiving notice of such claim shall notify the other party within 30 days. In case any report or return is required to be made with respect to any Imposition indemnified against by the Lessee under this Section the Lessee will make and file such report or return in such manner as will show the ownership of the Equipment in the Lessor and be satisfactory to the Lessor and Lessee shall make copies thereof available to Lessor upon its written request. The Lessor agrees to cooperate fully with the Lessee in the preparation and filing of any such report or return.

SECTION 11. USE, MAINTENANCE, ALTERATIONS AND OPERATION.

Lessee shall (a) pay all costs, expenses, fees and charges incurred in connection with the use and operation of the Equipment and (b) maintain, service and repair at it's own expense the Equipment; (i) at least as prescribed by the AAR (Association of American Railroads), FRA (Federal Railroad Administration) and Manufacturer (including following all recommended safety bulletins, specifications and maintenance programs) (ii) to meet all regulations for entry and use in railroad interchange posed by the ICC, AAR, FRA, and DOT (Department of Transportation) or other regulatory requirements imposed by any governmental authority, and, (iii) so as to keep it in as good operating condition as it was when it first became subject to this Agreement, ordinary wear and tear excepted, and (c) use the Equipment solely in the conduct of its business in compliance with any and all applicable laws, rules and regulations, (d) use the Equipment solely within the United States, and (e) not make any alterations, additions or improvements to the Equipment without Lessor's prior written consent. Title to all additions and improvements made to the Equipment which are not readily removable without causing damage to the Equipment or the removal of which would result in the Item of Equipment being in noncompliance with any applicable law, rule or regulation, shall vest in Lessor. Lessee shall retain all maintenance records and documents and make such records available for inspection as Lessor may from time to time request and surrender same with the Item of Equipment, with the exception of records pertaining to minor, "off-line" repairs. Lessee represents and Lessor acknowledges that any "off-line" repairs are minor in nature and any entity performing such repairs is only required to maintain records of such minor, "off-line" repairs for a period of (3) three years. Lessee shall cooperate with Lessor and shall only be obligated to use reasonable efforts to obtain such records in the event Lessor from time to time deems it necessary. However, nothing within this Section shall relieve Lessee from maintaining, throughout the life of the Lease, all records and documents pertaining to all major repairs (wherever made) and all repairs of any kind or nature not performed "off-line".

SECTION 12. INSPECTION.

Subject to the rights of Lessee, the Lessor shall have the right, but not the duty, to inspect any Item of Equipment at any reasonable time.

SECTION 13. LOSS OR DESTRUCTION; REQUISITION OF USE.

(a) In the event that any Item of Equipment shall be or become worn out, destroyed, lost, stolen, or permanently rendered unfit for normal use for any reason whatsoever, including physical damage thereto, or the Lessee shall be denied the use thereof, or title thereto shall be requisitioned or otherwise taken, by any governmental authority under power of eminent domain or otherwise (any such taking being herein referred to as a Requisition of Use), or any Item of Equipment is permanently returned to the manufacturer thereof or the vendor pursuant to the patent indemnity or warranty provisions, such fact shall promptly be reported by the Lessee to the Lessor and when the Lessee acquires knowledge thereof.

(b) The Lessee shall determine, within 30 days after the date the Lessee acquires knowledge of any such damage or wearing out, whether such Item of Equipment can be repaired.

(c) In the event the Lessee determines that such Item of Equipment cannot be economically repaired or in the event of such destruction, loss, theft, unfitness for use, Requisition of Use, or return of such Item of Equipment to the manufacturer thereof or the vendor without replacement thereof (each of such occurrences being referred to as an "Event of Loss", and the date thereof being the date of such damage, wearing out, destruction, loss, theft, unfitness for use, Requisition of Use, or return of such Item of Equipment to the manufacturer thereof or the vendor without replacement thereof), the Lessee shall promptly, except as provided in paragraph (e) of this Section, (i) notify the Lessor of such Event of Loss, and (ii) replace such Item of Equipment with other equipment in accordance with the provisions of paragraph (d) of this Section. The Lessee's obligation to pay Rent in respect of such Item of Equipment shall remain in effect until such Item of Equipment is so replaced and upon such replacement shall continue in effect with respect to

the replacement equipment in accordance with the provisions of paragraph (d) of this Section.

(d) In the event the Lessee determines that such Item of Equipment can be economically repaired or replaces such Item, as provided in paragraph (c) of this Section, the Lessee shall continue to make all payments of Basic Rent due with respect to such Item of Equipment and shall (i) cause such Item of Equipment to be repaired or replaced within 180 days after the Lessee shall have acquired knowledge of the occurrence of such damage or wearing out, and (ii) in the event of replacement or repair, take such action as may be required to protect and preserve the Lessor's interest. The obligation of the Lessee to pay Rent during the above-described replacement or repair period shall remain in full force and effect and, upon such replacement, each replacement item shall be considered an Item of Equipment for all purposes of this Lease and the Lessee's obligation to pay Basic Rent with respect thereto shall be unchanged from the Basic Rent payable in respect of the replaced Item of Equipment in effect prior to such replacement. The terms of this Section shall not modify or diminish the Lessee's obligation under Section 15 and Section 17 hereof to indemnify the Lessor, due to the Lessee's actions hereunder. Any replacement item provided by the Lessee in accordance with the provisions of this paragraph shall be in substantially the same operating condition, and shall have a value, utility and useful life at least equal to, the Item of Equipment replaced, assuming the Item of Equipment replaced was in the condition and state of repair required to be maintained by the terms hereof.

(e) In lieu of repair or replacement of an Item of Equipment as provided in paragraphs (c) and (d) of this Section, Lessee may pay Lessor within the later of the next Basic Rent Date following the date of Event of Loss or ninety (90) days of the date of the Event of Loss, the Casualty Value for such Item of Equipment determined as of the date of the Event of Loss in accordance with Exhibit D hereto. If the Casualty Value is not paid on a Basic Rent Date, the Casualty Value shall be paid together with an amount equal to the accrued interest thereon from such Basic Rent Date to the date such Casualty Value is paid pursuant to this Section at the per annum interest rate of 18.00%. Upon the making of such payment by Lessee, the rental for such Item

of Equipment shall cease to accrue and the Lease Term as to such Item of Equipment shall terminate.

(f) Except in the case of loss, theft, destruction, or return to the manufacturer or vendor of any Item of Equipment, the Lessee shall be entitled to recover possession of such Item, unless possession of any such Item of Equipment is required to be delivered to an insurance carrier in order to settle an insurance claim arising out of the Event of Loss. Upon replacement of such Item of Equipment the Lessee shall so long as no Event of Default shall have occurred and be continuing be entitled to retain any salvage value collected by such insurance carrier and be reimbursed by Lessor in the amount, if any, paid to the Lessor by any insurance carrier. The Lessor shall, if requested by the Lessee, pursue any claim against any governmental authority that has requisitioned or confiscated any Item of Equipment of Equipment, provided that Lessee bears all expenses of such action and indemnifies Lessor against any liability that may arise therefrom.

(g) Following replacement of an Item of Equipment in accordance with the provisions of paragraph (c) and paragraph (d) of this Section, Lessor shall transfer to Lessee all of its rights and title in and to the replaced Item of Equipment on an "AS IS, WHERE IS" BASIS WITHOUT RECOURSE, REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED FREE AND CLEAR OF LESSOR LIENS. As to each Item of Equipment returned to the manufacturer thereof or the vendor in the manner described in paragraph (a) of this Section and not replaced or modified by such manufacturer or seller pursuant to the patent indemnity or warranty provisions, the Lessor agrees that upon payment by the Lessee to the Lessor of the Casualty Value pursuant to paragraph (e) of this Section together with any amounts of Basic Rent and Supplemental Rent due and owing on such date, the Lessee shall receive and retain all amounts payable to the Lessor by such manufacturer or vendor for the return of such Item of Equipment so long as no Event of Default has occurred and be continuing and any such amounts received by the Lessor shall be returned to the Lessee if no Event of Default has occurred and be continuing. Lessee's obligation to pay Basic Rent with respect to such Item of Equipment shall terminate. As to each Item of Equipment modified and each replacement item installed by the manufacturer or vendor pursuant to the patent indemnity or warranty provisions, the Lessor and the

Lessee agree that possession of such modified item or replacement item shall be delivered to the Lessee and shall, without any further act of the Lessor or the Lessee, be considered an Item of Equipment for all purposes of this Lease.

(h) Except as provided in this Section, the Lessee shall bear the risk of loss and shall not be released from its obligations under this Lease in the event of any damage to any Item of Equipment or any Event of Loss relating thereto.

SECTION 14. INSURANCE.

Lessee agrees to carry, at its own cost and expense, with Insurers approved by Lessor, (i) all risk of loss and physical damage insurance on the Equipment in amounts not less than the greater of the replacement value of the Item of Equipment or the Casualty Value of the Item of Equipment from time to time determined in accordance with Exhibit D hereto, and (ii) comprehensive public liability (both bodily injury and property damage) insurance in such amounts as would be carried by a prudent user of the Equipment provided, that such amounts shall be not less than \$5,000,000.00. Such insurance shall expressly insure Lessor and Lessee as their interests may appear. The interest of Lessor will be insured regardless of any breach or violation by Lessee of any warranties, declarations or conditions contained in the insurance policies and any change or cancellation of such insurance shall not be effective as to Lessor for 30 days after receipt by Lessor of notice of such change or cancellation. Provided Lessee is not in Default pursuant to the Lease; any proceeds of such insurance, whether resulting from an Event of Loss or returned premium, shall be paid by the insurers to Lessee to be held in trust and shall be applied to the cost and expense of repairing or replacing the Equipment involved. However, in the Event of Default, any proceeds of such insurance shall be paid directly to Lessor and at Lessor's sole option, shall be applied toward the payment of the obligations of Lessee under this Lease. Lessee hereby appoints Lessor as Lessee's attorney-in-fact to execute all documents and endorse all checks or drafts for proceeds of such insurance in the settlement of any claims against such insurance coverages. Lessee shall deliver to Lessor copies of each such insurance policy and copies

of each renewal policy or other evidence of such insurance acceptable to Lessor not less than five (5) days prior to the Closing Date and thereafter not less than 30 days prior to the expiration of the preceding policy and Lessee shall deliver to Lessor evidence that the premiums thereon have been paid.

SECTION 15. INDEMNIFICATION.

The Lessee agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless Lessor on an after-tax basis (by paying an amount which after deducting all income, gross receipts and other taxes of the Lessor is sufficient to fully indemnify the Lessor such that Lessor shall not profit or lose from that position which the Lessor would have had prior to the occurrence of the event causing indemnification under Section 15) from and against, any and all liabilities, obligations, losses, damages, penalties, claims (including, without limitation, claims involving strict or absolute liability in tort), actions, suits, costs, reasonable expenses and disbursements (including, without limitation, legal fees and expenses) of any kind and nature whatsoever ("Claims") which may be imposed on, incurred by or asserted against the Lessor, whether or not the Lessor shall also be indemnified as to any such Claim by any other person, in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, sublease, possession, use, location, operation, maintenance, condition, registration, sale, return, storage or disposition of any Item of Equipment or any accident in connection therewith (including, without limitation, latent and other defects, whether or not discoverable and any Claim from patent, trademark or copyright infringement); provided, however, that the Lessee shall not be required to indemnify the Lessor for (a) any Claim in respect of any Item of Equipment arising from acts or events which occur after possession of such Item of Equipment has been redelivered to the Lessor in accordance with Section 23 hereof, or (b) any Claim resulting from the misconduct or negligence of the Lessor, or (c) federal or state income taxes for rental payments or sale pursuant hereto. To the extent that the Lessor in fact receives full indemnification payments from the Lessee under the indemnification provisions of this Section, the Lessee shall be subrogated

to the Lessor's rights with respect to the transaction or event requiring or giving rise to such indemnity. THE LESSEE AGREES THAT THE LESSOR SHALL NOT BE LIABLE TO THE LESSEE FOR ANY CLAIM CAUSED DIRECTLY OR INDIRECTLY BY THE INADEQUACY OF ANY ITEM OF EQUIPMENT FOR ANY PURPOSE OR ANY DEFICIENCY OR DEFECT THEREIN OR THE USE OR MAINTENANCE THEREOF OR ANY REPAIRS, SERVICING OR ADJUSTMENTS THERETO OR ANY DELAY IN PROVIDING OR FAILURE TO PROVIDE ANY THEREOF OR ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF OR ANY LOSS OF BUSINESS.

SECTION 16. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC.

Should Lessee fail to make any payment or do any act, as herein provided, then Lessor shall have the right, but not the obligation, with prior notice to and demand upon Lessee, and without releasing Lessee from any obligation hereunder, to make or do the same, and to pay, purchase, contest or compromise any encumbrance, charge or lien which in Lessor's judgment appears to affect the Equipment, and in exercising any such rights, incur any liability and expend such amounts it may deem necessary therefore in its reasonable discretion. Lessee shall be obligated to reimburse Lessor for any such payments made by Lessor as Supplemental Rent pursuant to Section 5(c)(1) of this Lease.

SECTION 17. TAX INFORMATION AND INDEMNIFICATION.

(a) Intended Tax Benefits. In entering into this Lease and the transactions contemplated hereby, it is the intention of Lessor and Lessee that such transactions will result in making available to Lessor Depreciation Deductions for "7 year property" for the Equipment, as defined in Section 168[e][1] of the Internal Revenue Code of 1986, (the "Code"), in the full amount of Lessor's Cost in such Equipment as determined under Sub-section 168(b)(1) of the Code (the "Tax Benefit") for the purpose of determining its liability for income taxes imposed by the federal government of the United States based, in part, on the assumptions that (i) the Lease constitutes a true lease (for Federal Tax Purposes) under which Lessor will be considered

the owner of each Item of Equipment and lessor of the Equipment under the Lease; (ii) Lessee will be considered the lessee of the Equipment under the Lease for federal tax purposes; (iii) all amounts taken into account with respect to the Lease in computing Lessor's gross income will be treated as income or loss derived from or allocable to sources within the United States ("Domestic Source"); (iv) there will not be included in the gross income of Lessor any part of the cost of any improvement, modification or addition to any of the Equipment made by Lessee whether or not required under the Lease; and (v) during the term of the Lease, Lessor's Federal tax rate will be 34%.

(b) Covenants by Lessee. Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it (all herein called "Affiliated Corporations"), directly or indirectly, will at any time take any action or fail to take any action or file or fail to file any returns, certificates or other documents where any such action, failure to act, filing or failure to file would be inconsistent with the foregoing Section 17 (a) or, which would (i) increase the amount of Rent with respect to the Equipment required to be taken into income by Lessor over the amounts specified to be payable under the Lease on the dates due thereunder with respect to such Equipment, or (ii) be inconsistent with Lessor's claim to be the owner and lessor of the Equipment for Federal Tax Purposes. Lessee and such other Affiliated Corporations shall file such returns, take such action, execute such documents and keep and make available for inspection and copying by Lessor such records, or cause the same to be accomplished, all as may be reasonably requested by Lessor to facilitate accomplishment of the intent hereof. The covenants made by Lessee in this Section 17 (b) refer solely to such acts or failures to act with respect to, its federal income tax returns and its assertions or statements made to the Internal Revenue Service ("Service") with respect thereto and to such acts, or failures to act, assertions and statements to state or local tax authority with respect to corresponding state and local income tax returns for the State of North Carolina or any other jurisdiction where the Lessee files and where such jurisdiction has tax provisions similar to relevant federal tax provisions.

(c) Representations and Warranties by Lessee. In connection with the foregoing Sections 17 (a) & (b), Lessee represents and warrants that (A) throughout the Lease Term, the Equipment will constitute "Section 38 Property" within the meaning of Section 48(a) of the Code (Equipment is not eligible for Investment Tax Credit); (B) on the Delivery and Acceptance Date the Equipment will constitute "7 year property" within the meaning of Section 168(e)(1) of the Code; (C) the Lessor's Cost is not in excess of the Equipment's fair market value and shall constitute the Lessor's basis for purposes of computing Depreciation Deductions; (D) no improvement will be required in order to complete the Items of Equipment for the intended use by Lessee; (E) the Equipment will be used during the Lease Term exclusively within the United States within the meaning of Section 48(a)(2) of the Code; (F) all amounts includable in the gross income of the Lessor with respect to the Equipment and all deductions and credits allowable to the Lessor with respect to the Equipment will be treated as derived from, or allowable to, sources within the United States; (G) at the time of Delivery and Acceptance each Item of Equipment shall have (x) at least 20% of its useful life remaining at the expiration of the Lease Term and (y) a fair market value at the expiration of its Lease Term (such fair market value being determined without including in such value any increase or decrease for inflation or deflation during such Lease Term and determined after subtracting from such value the cost, if any, for removal and redelivery of possession to the Lessor at the expiration of such Lease Term) equal to at least (20%) of the Lessor's Cost of such Item of Equipment; (H) at the time Lessor becomes the owner of each Item of Equipment, no Tax Benefit will have been claimed by any person with respect thereto; and (I) each Item of Equipment shall have a commercially feasible use, at the expiration of its Lease Term, to the Lessor (or a purchaser or lessee unrelated to the Lessee), within the meaning of Revenue Procedure 75-21, 1975-1 Cum. Bull. 715, as modified in Revenue Procedure 75-28, 1975-1 Cum.Bull.752. and Revenue Procedure 76-30, 1976-2 Cum Bull. 647.

(d) Indemnification.

(1) Loss of Tax Benefits. If (i) Lessor shall lose, shall not have the right to claim, shall suffer a deferral or disallowance of or shall be required to recapture all or any portion of the Tax Benefit or shall have to treat any of its taxable income as other than Domestic Source or shall have to

pay any interest, penalties or additions to tax for purposes of federal income taxes with respect to any Item, (a "Loss") resulting from (A) any act or failure to act by Lessee including without limitation, the use of any Item of Equipment by Lessee in a manner inconsistent with the Lessor's claim or entitlement to any of the Tax Benefit, any failure of Lessee to act in accordance with the terms of this Lease, or (B) the incorrectness, as to law or fact, of any representation, warranty or covenant made by Lessee in this Lease, including, without limitation, the representations and warranties made in Sections 17b and 17c above, then the Lessee shall pay to the Lessor as an indemnity after written notice to the Lessee by the Lessor of such Loss, adjusted rental payments such that Lessor shall receive (on an after-tax basis over the full term of the Lease) rentals sufficient to preserve Lessor's Economics, as hereinafter defined. The Lessee shall also pay to the Lessor as Rent an amount which, after subtracting the amount of all Federal, state and local income taxes payable by the Lessor in respect of the receipt thereof, shall equal any interest, penalties or additions to tax (including any additions to tax because of underpayment of estimated tax) payable by the Lessor in respect of such Loss, less the amount of any decrease in the Federal, state and local income taxes of the Lessor that would result from claiming of allowable deductions from gross income with respect to such interest, penalties or additions to tax. For purposes of this transaction, Lessor's Economics shall mean the Lessor's after-tax yield and after-tax cash flow as originally anticipated in this transaction.

(2) Inclusion. If for any reason whatsoever all or any part of the cost of any Improvement made by the Lessee under and pursuant to the terms of the Lease or otherwise, to any Item of Equipment is required to be included in Lessor's gross income for federal, state or local income tax purposes for any period prior to the Expiration Date for such Item of Equipment ("Inclusion") and Lessor is not entitled to currently deduct such cost, the Lessee will pay Lessor on demand (A) an amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof under the laws of any federal, state or local government or taxing authority in the United States, shall be equal to the sum of the net additional federal, state or local income taxes payable by Lessor from time to time as a result thereof, plus (B) the

amount of any interest, penalties or additions to taxes payable as a result thereof; it being understood that the amount payable pursuant to this sentence shall not be due and payable by Lessee prior to the payment by Lessor of such additional federal, state or local income taxes. If Lessor realizes a Tax Benefit as a result of any Improvement in respect of which Lessee has made the applicable indemnity payment to Lessor under this Section 17d(2), Lessor shall pay Lessee an amount equal to such Tax Benefit (plus additional tax savings, if any, realized by Lessor as a result of the payment of such amount or the payment of such tax savings) when, as, if, and to the extent realized; provided, however, such payment shall not be offset against Rent. Such payments by Lessor shall not exceed, in aggregate, the payment received by Lessor from Lessee. The Lessor agrees to take all action necessary and appropriate to realize all Tax Benefits and savings available to it as a result of any improvement, repair or replacement under this Section 17d(2), of which the Lessor is aware.

(3) Determination of Loss or Inclusion. The amount of Loss or Inclusion shall be determined by Lessor. Lessor shall notify Lessee in writing of Lessor's determination of such sum, and provide a statement describing in reasonable detail the manner in which such determination was made. Within thirty (30) days following the Lessee's receipt of such determination, the Lessee may demand that the accounting firm that regularly prepares the Lessor's certified financial statements verify whether such determination of the Lessor is mathematically accurate and based on reasonable assumptions including those assumed by the Lessor at the outset of this transaction and contained in Section 17(a) with the exception of those which may have changed. Such accounting firm shall be requested to make its determination within thirty (30) days. If such accounting firm shall determine that the Lessor's determination is unreasonable or mathematically inaccurate, then such firm shall determine what it believes to be the appropriate computation. Upon payment of such sum and/or adjustment of rent pursuant to this Section 17 as determined by the Lessor or its accounting firm, whichever is applicable, the Casualty Values and Termination Values shall be adjusted accordingly. All costs and expenses incurred by the Lessor in connection with such accounting firms determination shall be paid or reimbursed by the Lessee.

(e) Definition of Lessor. The term "Lessor", solely for purposes of any indemnity contained herein or any verification of any such indemnity payment shall include any affiliated group, within the meaning of Code Section 1504, of which Lessor is a member if consolidated returns are filed for such affiliated group for federal income tax purposes, or the comparable definition under a combined report for state income tax purposes.

SECTION 18. ASSIGNMENT

Without Lessor's prior written consent, Lessee shall not (a) assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest therein, or (b) lend or otherwise transfer the Equipment.

Lessor may assign this Lease and/or mortgage the Equipment, in whole or in part without notice to Lessee; and its assignee or mortgagee may reassign this Lease and/or such mortgage, without notice to Lessee. Each such assignee and/or mortgagee shall have all of the rights but none of the obligations of Lessor under this Lease. Lessee shall execute and deliver an acknowledgment of each such assignment and/or mortgage and shall not assert against the assignee and/or mortgagee any defense, counterclaim, or offset. Notwithstanding the foregoing, nothing herein shall be deemed to relieve Lessor of any of its obligations to Lessee hereunder. Lessor may sell this Lease (in whole or in part) and the underlying leased Equipment upon 15 days notice to Lessee. Each of Lessor's successor's may assume all of Lessor's rights and obligations under the Lease. When requested, Lessee shall execute and deliver an acknowledgement of each such sale and shall not assert against the successor any defense, counterclaim or offset. Subject to the foregoing, this Lease inures to the benefit of and is binding upon the heirs, legatees, personal representatives, successors and assigns of the parties hereto.

SECTION 19. EVENTS OF DEFAULT.

The term Event of Default, wherever used herein shall mean any of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary, or come about or be effected by operation of law, or be pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) The Lessee shall fail to pay when due any Rent or other amount required hereunder to be paid to Lessor by Lessee when any such payment is due; or

(b) There shall occur any termination of, material alteration in the scope of the coverage of, or reduction in the amounts payable under, any public liability insurance required to be maintained by Lessee pursuant to Section 14 hereof; or

(c) There shall occur any termination of, material alteration in the scope of the coverage of, or reduction in the amounts payable under, any insurance covering risks of physical loss or damage required to be maintained by Lessee pursuant to Section 14 hereof; or

(d) The Lessee shall fail to perform or observe any other material covenant, condition or agreement to be performed or observed by it under this Lease, or any agreement, document or certificate delivered by the Lessee in connection herewith, and such failure shall continue for 30 days or more after written notice thereof from the Lessor to the Lessee; or

(e) Any representation or warranty made by the Lessee in this Lease, or any agreement, document or certificate delivered by the Lessee in connection herewith or therewith shall prove to have been incorrect in any material respect when any such representation or warranty was made or given (provided, however, that Lessee shall have a period of 30 days to cure or correct the same, to the extent curable or correctable, after receipt of written notice from Lessor to Lessee); or

(f) The Lessee or any Guarantor shall dissolve, liquidate or discontinue business operations, consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property, or the Lessee or any Guarantor shall fail to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors, or the Lessee or any Guarantor shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization or arrangement in a proceeding under any bankruptcy laws (as now or hereafter in effect) or an answer admitting the material allegation of a petition filed against the Lessee or any Guarantor in any such proceedings, or the Lessee or any Guarantor shall by voluntary petition, answer or consent, seek relief under the provisions of any other now existing or future bankruptcy or other similar law providing for the reorganization or winding-up of corporations, or providing for an agreement, composition, extension or adjustment with its creditors; or

(g) An order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Lessee or any Guarantor, a receiver, trustee or liquidator of the Lessee or any Guarantor or of any substantial part of the property of the Lessee or any Guarantor, or any substantial part of the property of the Lessee or any Guarantor shall be sequestered, and any such order, judgment or decree of appointment or sequestration shall remain in force undismitted, unstayed or unvacated for a period of 60 days after the date of entry thereof; or

(h) A petition against the Lessee or any Guarantor in a proceeding under bankruptcy laws or other insolvency laws (as now or hereafter in effect) in any jurisdiction shall be filed and shall not be withdrawn or dismissed within 60 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations which may apply to the Lessee or any Guarantor, any court of competent jurisdiction shall assume jurisdiction, custody or control of the Lessee or any Guarantor or of any substantial part of its property, and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 60 days; or

(i) Lessee or any Guarantor or affiliate of Lessee or any Guarantor is in default of any other obligation to or agreement with Lessor, or any affiliate of Lessor, now existing or hereafter executed and of whatever nature; or

(j) the Lessee or any Guarantor shall fail to comply with any provision with respect to any other obligations for borrowed money if the effect of such failure to comply is to cause, or to permit the holder or holders of such obligations (or a trustee on their behalf), to cause such obligations to become due prior to its stated maturity except to the extent that such failure to comply shall have been cured or waived prior to any acceleration of such obligations thereunder and said cure or waiver shall not have involved the receipt by any such holder or holders of any additional consideration, financial or otherwise.

SECTION 20. REMEDIES

Shall any Event of Default occur and be continuing, Lessor, at its sole option, and in addition to any other remedies may exercise any one or more of the following: (a) declare all sums due and to become due hereunder immediately due and payable; (b) demand that Lessee surrender all Equipment to Lessor in accordance with Section 23 hereof; (c) reasonably enter upon the premises where Equipment is located and take immediate possession all without liability to Lessor or its agents for such entry, or for damage to property or otherwise; (d) terminate this Lease in which event Lessee shall immediately pay to Lessor the sum of Rents and other amounts due, accrued and unpaid as of the date of termination (the "Termination Date") plus as liquidated damages for loss of the bargain and not as a penalty, the Casualty Value in respect of the Equipment determined as of the Termination Date in accordance with Exhibit D hereto together with interest at the Late Payment Rate to the date of receipt by Lessor of all amounts payable hereunder from the Termination Date and together with interest at the Late Payment Rate on all other costs, expenses and losses for which Lessor is entitled to payment under this Lease from the respective dates that such costs, expenses and losses have been incurred by Lessor to the date of receipt by Lessor of the amounts payable therefore; or (e) elect to sell any or all the Equipment at one or more public

or private sales, or to lease the Equipment in such manner, and at such time or times and upon such terms as Lessor may determine. In the event Lessor shall lease or sell the Equipment, Lessee shall be liable for and Lessor may recover from Lessee as liquidated damages and not as a penalty, an amount equal to the amount, if any, by which the sum enumerated in Section 20(d) exceeds the amount received by Lessor from such public or private sales or such leases of such Equipment. For purposes of determining the worth to Lessor of any such amounts received from the sale or release of such Equipment, said amounts shall be discounted to their present value at the rate of eighteen percent (18%) per annum. Lessee shall also be liable for all costs and expenses incurred by Lessor in connection with any action taken under this Section including but not limited to reasonable attorney's fees and fees and expenses for repossessing, transporting, repairing, storing, leasing, selling or otherwise handling the Equipment.

Each and every right, remedy and power granted to Lessor hereunder shall be cumulative and in addition to any other right, remedy or power herein specifically granted or now or hereafter existing in equity, at law, by virtue of statute or otherwise and may be exercised by Lessor from time to time concurrently or independently and as often and in such order as Lessor may deem expedient. Any failure or delay on the part of Lessor in exercising any such right, remedy, or power, or abandonment or discontinuance of steps to enforce the same, shall not operate as a waiver thereof or affect Lessor's right thereafter to exercise the same, and any single or partial exercise of any such right, remedy or power shall not preclude any other or further exercise thereof or the exercise of any other right, remedy or power.

SECTION 21. EARLY PURCHASE OPTION

A. Provided that no Event of Default (or other event which would constitute an Event of Default but for the lapse of time or the giving of notice or both) has occurred and is continuing on either the 96th or 108th month anniversary of the Rental Commencement Date ("Early Purchase Option Date"), Lessee shall have the option to purchase all but not less than all of the Equipment leased pursuant to this Lease for an amount equal the greater of

(i) the then Fair Market Value (as hereinafter defined) of the Equipment as determined by an agreement between Lessor and Lessee, or (ii) the Early Termination Value (as referenced in Exhibit C hereto) of the Equipment provided that Lessee gives Lessor notice in writing of its desire to exercise such purchase option not less than 90 days prior to the Early Purchase Option Date in which event Lessee and Lessor shall consummate such sale immediately upon the Early Purchase Option Date. If Lessor and Lessee cannot agree on the then Fair Market Value of the Equipment, Lessee shall not later than 50 days prior to the Early Purchase Option Date by notice in writing to Lessor, advise Lessor that Lessee either (a) does not desire to exercise its option to purchase the Equipment or (b) desires to have such Fair Market Value determined by an independent appraiser satisfactory to Lessor and Lessee (or, if Lessor and Lessee are unable to agree upon appraiser within 10 days after the giving of such notice, by a panel of three appraisers, or one of whom shall be selected by Lessor, another of whom shall be selected by Lessee, and the third of whom shall be selected by the other two or such appraiser shall be the American Appraisal Company, Wilwaukee, Wisconsin, if such other two appraisers are unable to agree upon a third). The appraisers appointed pursuant to the foregoing procedure shall be instructed to determine Fair Market Value of the Equipment within 30 days after their appointment, if the three appraisers shall be appointed, their determinations shall be averaged, except that if one determination materially and substantially differs from the other two determinations, such determination shall be excluded when calculating the average and such average shall be final and binding upon the parties hereto as the Fair Market Value. If Lessee elects to have the Fair Market Value determined by independent appraisers, Lessee shall purchase the Equipment for the greater of (i) the Early Termination Value or (ii) the then Fair Market Value determined as provided in this paragraph. Payment in full of the amount to be paid to Lessor shall be made in cash or wire transfer of immediately available funds on or prior to the date such sale is consummated in accordance with this paragraph. Lessee and Lessor shall pay the fees and expenses of the respective appraisers appointed by them and the fees and expenses of the third appraiser or one jointly appointed shall be equally divided between Lessee and Lessor. For the purpose of this paragraph, Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which

would be obtained in an arm's length transaction between an informed and willing buyer-user (other than (i) Lessee or (ii) a used property dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of relocation shall not be a deduction from such value.

SECTION 22. PURCHASE OPTION

Provided that no Event of Default (or any event which would constitute an Event of Default but for the lapse of time or the giving of notice or both) shall have occurred and be continuing, Lessee shall have the option to (i) purchase all, but not less than all, of the Equipment leased pursuant to this Lease upon the expiration of the Lease Term thereof for an amount equal to the Equipments' then Fair Market Value (as hereinafter defined) as determined by an agreement between Lessor and Lessee, provided that Lessee gives Lessor notice in writing of its desire to exercise such purchase option not less than 180 days prior to the expiration of the Lease Term, in which event Lessee and Lessor shall consummate such sale immediately upon the expiration of the Lease Term. If Lessor and Lessee cannot agree on the then Fair Market Value of the Equipment, Lessee shall not later than 150 days prior to the expiration of the Lease Term thereof by notice in writing to Lessor, advise Lessor that Lessee either (a) does not desire to exercise its option to purchase the Equipment or (b) desires to have such Fair Market Value determined by an independent appraiser satisfactory to Lessor and Lessee (or, if Lessor and Lessee are unable to agree upon an appraiser within 10 days after the giving of such notice, by a panel of three appraisers, one of whom shall be selected by Lessor, another of whom shall be selected by Lessee, and the third of whom shall be selected by the other two or such appraiser shall be the American Appraisal Company, Milwaukee, Wisconsin, if such other two appraisers are unable to agree upon a third). The appraisers appointed pursuant to the foregoing procedure shall be instructed to determine Fair Market Value of the Equipment within 30 days after their appointment, If the three appraisers shall be appointed, their determinations shall be averaged, except that if one determination materially and substantially differs from the other two determinations, such determination shall be excluded when calculating the average and such average shall be final and binding upon the parties hereto as

the Fair Market Value. If Lessee elects to have the Fair Market Value determined by independent appraisers, Lessee shall purchase the Equipment for the then Fair Market Value determined as provided in this Section 22. Payment in full of the amount to be paid to Lessor shall be made in cash on or prior to the date such sale is consummated in accordance with this Section 22.

Lessee and Lessor shall pay the fees and expenses of the respective appraisers appointed by them and the fees and expenses of the third appraiser or one jointly appointed shall be equally divided between Lessee and Lessor. For the purpose of this Section 22, Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would be obtained in an arm's length transaction between an informed and willing buyer-user under no compulsion to buy (other than (i) Lessee or (ii) a used property dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of relocation shall not be a deduction from such value.

SECTION 23. SURRENDER

Upon expiration or the earlier termination of this Agreement, or any Supplement, with respect to the Equipment unless the Lessee shall have duly exercised any purchase option with respect thereto, the Lessee, at its own risk and expense, shall cause delivery of the Equipment to the Lessor at such location within the continental United States as Lessor may designate. The delivery, storage and transporting of the Equipment are the essence of this Agreement and are applicable at the expense of the Lessee.

Upon return, the Equipment shall (i) be in the same operating order, repair and condition as when originally delivered to Lessee, ordinary wear and tear excepted and shall have been maintained in the condition required by Section 11 hereof, (ii) be in servicable condition and suitable for interchange in conformity with AAR Interchange Rules, (iii) be free of all accumulations and deposits from usage, and (iv) be clear of any Lessee designation. Lessee shall also deliver to Lessor the records and documents of all maintenance activity required to be maintained by Lessee pursuant to Section 11 hereof.

At the time of return, if in Lessor's opinion the Equipment is not in satisfactory compliance with the above said conditions, a mutually acceptable appraiser of the American Appraisal Company shall be appointed by Lessor, at Lessee's expense, to inspect the Equipment for the purpose of determining the repairs, additions or replacements, if any, which are necessary to place the Equipment in the condition herewithin described and the cost associated with such repairs, additions or replacements ("Repair Cost") and Lessee upon receipt of notice by Lessor shall immediately pay such Repair Cost to Lessor.

SECTION 24. SUCCESSORS, ASSIGNS AND INDEMNIFIED PARTIES.

This Lease, including all agreements, covenants, representations and warranties shall, except as provided in Section 18 hereof be binding upon and inure to the benefit of (a) the Lessor and its successors, assigns, agents and servants and (b) the Lessee and its successors and, to the extent permitted hereby, assigns.

SECTION 25. POWER OF ATTORNEY.

Lessee hereby appoints Lessor Lessee's irrevocable agent and attorney-in-fact to execute all documents and take all action deemed necessary by Lessor to release, terminate and void Lessee's interest in any Equipment leased hereunder and to file said documents for recordation with appropriate agencies. This power of attorney and designation of agency is irrevocable and coupled with an interest and shall survive the dissolution, bankruptcy or receivership of Lessee as well as the expiration of term of this Lease.

SECTION 26. QUIET ENJOYMENT.

The Lessor covenants that during the Lease Term, so long as no Event of Default has occurred and is continuing, the Lessee's use of the Equipment shall not be interrupted by the Lessor.

SECTION 27. FURTHER ASSURANCES.

Lessee will promptly execute and deliver to Lessor such further documents (including but not limited to corporate resolutions, financing statements, fixture filings, opinions of counsel) and take such further action as Lessor may reasonably request in order to more effectively carry out the intent and purpose of this Agreement and Lessee agrees to reimburse Lessor, promptly upon demand, for the full amount of recording or filing fees.

SECTION 28. SECURITY INTEREST.

Lessee agrees that Lessee's obligations hereunder are secured by all security interest, liens and encumbrances heretofore, now and hereafter granted by Lessee to Lessor or any affiliate of Lessor.

SECTION 29. NOTICES.

All communications and notices provided for in this Lease shall be in writing and shall become effective five (5) days after being deposited in the United States mail, with proper postage for first class mail, prepaid for certified mail, return receipt requested, addressed (a) if to the Lessor, 201 South Tryon Street, P. O. Box 31217, Charlotte, North Carolina 28231, Attention: Director of Credit and Administration, and (b) if to the Lessee, SouthRail Corporation, Attention: President, 111 East Capitol Street, Suite 500, Jackson, Mississippi 39201; provided, however, that either party may change its address for the purposes of receipt of any such communication or notice by giving 10 days notice of such change to the other party in the manner above prescribed.

SECTION 30. AMENDMENTS AND MISCELLANEOUS.

(a) This Lease and the Schedules executed pursuant hereto, together with Lessor's Purchase Order, if any, the Certificate of Acceptance executed by Lessee in connection with the Equipment leased hereunder constitute the entire

Agreement between Lessor and Lessee, supersede any agreement heretofore entered into between the parties relating to the leasing of equipment. This Agreement may not be altered, modified, terminated or discharged except by an instrument in writing signed by the party against whom enforcement of such alteration, modification, termination or discharge is sought. Waiver by Lessor of any provision in one instance shall not constitute a waiver as to any other instance. The plural shall include the singular and the singular the plural.

(b) All agreements, indemnities, representations and warranties contained in the AGREEMENTS shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease.

(c) Any provision of this Lease which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(d) This Lease shall constitute an agreement of lease and nothing herein shall be construed as conveying to the Lessee any right, title or interest in or to the Equipment, except as lessee only.

(e) The single executed original of this Lease marked "Original" shall be the "Original"; and all other counterparts hereof shall be marked and be "Duplicates". To the extent that this Lease constitutes chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest in this Lease may be created through the transfer or possession of any counterpart other than the "Original".

(f) If more than one Lessee is named in this Agreement, the liability of each shall be joint and several.

(g) This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina and Lessee agrees that Lessor may bring any action or claim to enforce any provision of this Agreement in the State of North Carolina, and Lessee hereby consents to personal jurisdiction in either state or federal court therein and consents to service of process in accordance with the laws of the State of North Carolina. No provision of this Agreement which may be deemed unenforceable shall in any way invalidate any other provision hereof all of which shall remain in full force and effect.

(h) The division of this Lease into sections, the provision of a table of contents and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Lease.

IN WITNESS WHEREOF, the parties hereto have each caused this Lease to be duly executed by their respective officers thereunto duly authorized.

ATTEST:



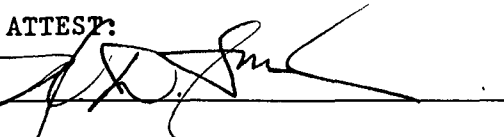
(Corporate Seal)

BARCLAYS LEASING, INC.

By: 

Title: 

ATTEST:



(Corporate Seal)

SOUTHRAIL CORPORATION

By: 

Title: 

3493Z/9404L

EXHIBIT A
TO EQUIPMENT LEASE
DATED AS OF JULY 19, 1991 BETWEEN
BARCLAYS LEASING, INC.
AND
SOUTHRAIL CORPORATION

DESCRIPTION OF EQUIPMENT

Three Hundred Fifty (350) 70 ton capacity pulpwood railroad cars (the "Cars") bearing the road numbers as set forth on page 2 attached hereto. The Cars were built in 1976 by Greenville Steel Car Company and have the following general specifications:

Length over Strikers	57' 5"
Length between Bulkheads	50' 0"
Length over Coupler Pulling Faces, Normal	60' 0-1/2"
Width over Side Sills	9' 4"
Height - Top of Rail to Top of Side Sill	4' 2-5/16"
Height - Top of Rail to Top of Floor at Center of Car	3' 6-5/16"
Height - Top of Side Sill to Top of Bulkhead	9' 2"
Height - Top of Rail to Top of Bulkhead	13' 4-5/16"
Truck Centers	45' 6"
Truck Wheel Base	5' 8"
Nominal Capacity	70 Tons
Light Weight of Car	58,500 lbs.
6 X 11 Barber S-2 Trucks	
D-5 Springs	
#18 Brake Beams	
Composition Brake Shoes	
Group L Hand Brake	
Westinghouse Mark 50 Draft Gears	
E 60 CHT Couplers	
Y 40 HT Yoker	
2 Yoke Tie Straps	
Single Roller Truck Side Bearings	
Wide Flange Center Plate with 20 "huck" Fasteners and Cast Steel Strikers	
Front Log Casting Assembly	

The Cars have a total Lessors Cost of \$4,506,250.00 and are more completely described on page 2 attached herewith.

Lessee's Initials: JAS

EXHIBIT A
TO EQUIPMENT LEASE
DATED AS OF JULY 18, 1991 BETWEEN
BARCLAYS LEASING, INC.
AND
SOUTHRAIL CORPORATION

Page 2.

SOU 140500	SOU 140575	SOU 140650	SOU 140725	SOU 140800
SOU 140501	SOU 140576	SOU 140651	SOU 140726	SOU 140801
SOU 140502	SOU 140577	SOU 140652	SOU 140727	SOU 140802
SOU 140503	SOU 140578	SOU 140653	SOU 140728	SOU 140803
SOU 140504	SOU 140579	SOU 140654	SOU 140729	SOU 140804
SOU 140505	SOU 140580	SOU 140655	SOU 140730	SOU 140805
SOU 140506	SOU 140581	SOU 140656	SOU 140731	SOU 140806
SOU 140507	SOU 140582	SOU 140657	SOU 140732	SOU 140807
SOU 140508	SOU 140583	SOU 140658	SOU 140733	SOU 140808
SOU 140509	SOU 140584	SOU 140659	SOU 140734	SOU 140809
SOU 140510	SOU 140585	SOU 140660	SOU 140735	SOU 140810
SOU 140511	SOU 140586	SOU 140661	SOU 140736	SOU 140811
SOU 140512	SOU 140587	SOU 140662	SOU 140737	SOU 140812
SOU 140513	SOU 140588	SOU 140663	SOU 140738	SOU 140813
SOU 140514	SOU 140589	SOU 140664	SOU 140739	SOU 140814
SOU 140515	SOU 140590	SOU 140665	SOU 140740	SOU 140815
SOU 140516	SOU 140591	SOU 140666	SOU 140741	SOU 140816
SOU 140517	SOU 140592	SOU 140667	SOU 140742	SOU 140817
SOU 140518	SOU 140593	SOU 140668	SOU 140743	SOU 140818
SOU 140519	SOU 140594	SOU 140669	SOU 140744	SOU 140819
SOU 140520	SOU 140595	SOU 140670	SOU 140745	SOU 140820
SOU 140521	SOU 140596	SOU 140671	SOU 140746	SOU 140821
SOU 140522	SOU 140597	SOU 140672	SOU 140747	SOU 140822
SOU 140523	SOU 140598	SOU 140673	SOU 140748	SOU 140823
SOU 140524	SOU 140599	SOU 140674	SOU 140749	SOU 140824
SOU 140525	SOU 140600	SOU 140675	SOU 140750	SOU 140825
SOU 140526	SOU 140601	SOU 140676	SOU 140751	SOU 140826
SOU 140527	SOU 140602	SOU 140677	SOU 140752	SOU 140827
SOU 140528	SOU 140603	SOU 140678	SOU 140753	SOU 140828
SOU 140529	SOU 140604	SOU 140679	SOU 140754	SOU 140829
SOU 140530	SOU 140605	SOU 140680	SOU 140755	SOU 140830
SOU 140531	SOU 140606	SOU 140681	SOU 140756	SOU 140831
SOU 140532	SOU 140607	SOU 140682	SOU 140757	SOU 140832
SOU 140533	SOU 140608	SOU 140683	SOU 140758	SOU 140833
SOU 140534	SOU 140609	SOU 140684	SOU 140759	SOU 140834
SOU 140535	SOU 140610	SOU 140685	SOU 140760	SOU 140835
SOU 140536	SOU 140611	SOU 140686	SOU 140761	SOU 140836
SOU 140537	SOU 140612	SOU 140687	SOU 140762	SOU 140837
SOU 140538	SOU 140613	SOU 140688	SOU 140763	SOU 140838
SOU 140539	SOU 140614	SOU 140689	SOU 140764	SOU 140839
SOU 140540	SOU 140615	SOU 140690		SOU 140840
SOU 140541	SOU 140616		SOU 140766	SOU 140841
SOU 140542	SOU 140617	SOU 140692	SOU 140767	SOU 140842
SOU 140543	SOU 140618	SOU 140693	SOU 140768	SOU 140843
SOU 140544	SOU 140619	SOU 140694	SOU 140769	SOU 140844
SOU 140545	SOU 140620	SOU 140695	SOU 140770	SOU 140845
SOU 140546	SOU 140621	SOU 140696	SOU 140771	SOU 140846
SOU 140547		SOU 140697	SOU 140772	SOU 140847
SOU 140548	SOU 140623	SOU 140698	SOU 140773	SOU 140848
SOU 140549	SOU 140624	SOU 140699	SOU 140774	
SOU 140550	SOU 140625	SOU 140700	SOU 140775	SOU 140927
SOU 140551	SOU 140626	SOU 140701	SOU 140776	SOU 140928
SOU 140552	SOU 140627	SOU 140702	SOU 140777	SOU 140929
SOU 140553	SOU 140628	SOU 140703	SOU 140778	SOU 140930
SOU 140554	SOU 140629	SOU 140704	SOU 140779	
SOU 140555	SOU 140630	SOU 140705	SOU 140780	
SOU 140556	SOU 140631	SOU 140706	SOU 140781	
SOU 140557	SOU 140632	SOU 140707	SOU 140782	
SOU 140558	SOU 140633	SOU 140708	SOU 140783	
SOU 140559	SOU 140634	SOU 140709	SOU 140784	
SOU 140560	SOU 140635	SOU 140710	SOU 140785	
SOU 140561	SOU 140636	SOU 140711	SOU 140786	
SOU 140562	SOU 140637	SOU 140712	SOU 140787	
SOU 140563	SOU 140638	SOU 140713	SOU 140788	
SOU 140564	SOU 140639	SOU 140714	SOU 140789	
SOU 140565	SOU 140640	SOU 140715	SOU 140790	
SOU 140566	SOU 140641	SOU 140716	SOU 140791	
SOU 140567	SOU 140642	SOU 140717	SOU 140792	
SOU 140568	SOU 140643	SOU 140718	SOU 140793	
SOU 140569		SOU 140719	SOU 140794	
SOU 140570	SOU 140645	SOU 140720	SOU 140795	
SOU 140571	SOU 140646	SOU 140721	SOU 140796	
SOU 140572	SOU 140647	SOU 140722	SOU 140797	
SOU 140573	SOU 140648	SOU 140723	SOU 140798	
SOU 140574	SOU 140649	SOU 140724	SOU 140799	

Lessee's Initials: *JAS*

EXHIBIT B
TO EQUIPMENT LEASE
DATED AS OF JULY 19, 1991 BETWEEN
BARCLAYS LEASING, INC.
AND
SOUTHRAIL CORPORATION

CERTIFICATE OF ACCEPTANCE NO. 1

under

EQUIPMENT LEASE dated as of July 19, 1991 (the Lease) between Barclays Leasing, Inc., as lessor (the Lessor) and SouthRail Corporation, as lessee (the Lessee).

1. Items of Equipment.

The Lessee hereby certifies that the Items of Equipment set forth and described in Schedule 1 hereto (which Schedule includes the amount of the Lessor's Cost of ~~each such item~~ ^{THE EQUIPMENT}), constituting Items of Equipment, have been delivered to the location indicated below, inspected by the Lessee, found to be in good order and in conformity with the specifications in the purchase orders and Purchase Documents furnished to the Lessor and accepted as Items of Equipment under the Lease, all on the Date of Delivery and Acceptance set forth below:

Location of Equipment: Meridian, MS and Environs

Date of Delivery and Acceptance: July 19, 1991.

2. Representations by the Lessee.

The Lessee hereby represents and warrants to the Lessor, as such terms are defined in the Lease, that on the Date of Delivery and Acceptance set forth above:

(a) The representations and warranties of the Lessee set forth in Sections 8 and 17 of the Lease are true and correct in all material respects as though made on and as of such Date of Delivery and Acceptance.

(b) The Lessee has satisfied or complied with all requirements set forth in any certificate of the Lessee and in the Lease to be satisfied or complied with on or prior to such Date of Delivery and Acceptance.

(c) No Default or Event of Default under the Lease has occurred and is continuing on such Date of Delivery and Acceptance.

(d) All necessary action to convey title to each of the Items of Equipment herein described to Lessor has been completed. Lessee represents and warrants to Lessor that Lessor had good and lawful title to each Item of Equipment accepted pursuant hereto free and clear of liens and encumbrances created or arising by, through or under Lessee. Lessee agrees with Lessor, its successors and assigns, that it will

Lessee's Initials: JAS

warrant and defend such title to such Items of Equipment to Lessor, its successors and assigns against any claim of any party.

(e) Lessee has obtained and delivered to Lessor counterpart original copies of Certificates of Insurance, or counterpart certificates with respect thereto, insuring each of the Items of Equipment described herein pursuant to the requirements set forth in Section 14 of the Lease.

(f) No Item of Equipment accepted pursuant hereto has been the subject of, or collateral for, any other financing by or on behalf of the Lessee.

SOUTHRAIL CORPORATION

By: John A. Scott
VICE PRESIDENT

ACCEPTED on the Date of
Acceptance set forth in
paragraph 1 above.

BARCLAYS LEASING, INC.

By: John A. Scott
(Lessee as agent for Lessor)

Lessee's Initials: JAS

9643L

SCHEDULE 1
TO CERTIFICATE OF ACCEPTANCE NO. 1
EQUIPMENT DESCRIPTION

SOU 140500	SOU 140575	SOU 140650	SOU 140725	SOU 140800
SOU 140501	SOU 140576	SOU 140651	SOU 140726	SOU 140801
SOU 140502	SOU 140577	SOU 140652	SOU 140727	SOU 140802
SOU 140503	SOU 140578	SOU 140653	SOU 140728	SOU 140803
SOU 140504	SOU 140579	SOU 140654	SOU 140729	SOU 140804
SOU 140505	SOU 140580	SOU 140655	SOU 140730	SOU 140805
SOU 140506	SOU 140581	SOU 140656	SOU 140731	SOU 140806
SOU 140507	SOU 140582	SOU 140657	SOU 140732	SOU 140807
SOU 140508	SOU 140583	SOU 140658	SOU 140733	SOU 140808
SOU 140509	SOU 140584	SOU 140659	SOU 140734	SOU 140809
SOU 140510	SOU 140585	SOU 140660	SOU 140735	SOU 140810
SOU 140511	SOU 140586	SOU 140661	SOU 140736	SOU 140811
SOU 140512	SOU 140587	SOU 140662	SOU 140737	SOU 140812
SOU 140513	SOU 140588	SOU 140663	SOU 140738	SOU 140813
SOU 140514	SOU 140589	SOU 140664	SOU 140739	SOU 140814
SOU 140515	SOU 140590	SOU 140665	SOU 140740	SOU 140815
SOU 140516	SOU 140591	SOU 140666	SOU 140741	SOU 140816
SOU 140517	SOU 140592	SOU 140667	SOU 140742	SOU 140817
SOU 140518	SOU 140593	SOU 140668	SOU 140743	SOU 140818
SOU 140519	SOU 140594	SOU 140669	SOU 140744	SOU 140819
SOU 140520	SOU 140595	SOU 140670	SOU 140745	SOU 140820
SOU 140521	SOU 140596	SOU 140671	SOU 140746	SOU 140821
SOU 140522	SOU 140597	SOU 140672	SOU 140747	SOU 140822
SOU 140523	SOU 140598	SOU 140673	SOU 140748	SOU 140823
SOU 140524	SOU 140599	SOU 140674	SOU 140749	SOU 140824
SOU 140525	SOU 140600	SOU 140675	SOU 140750	SOU 140825
SOU 140526	SOU 140601	SOU 140676	SOU 140751	SOU 140826
SOU 140527	SOU 140602	SOU 140677	SOU 140752	SOU 140827
SOU 140528	SOU 140603	SOU 140678	SOU 140753	SOU 140828
SOU 140529	SOU 140604	SOU 140679	SOU 140754	SOU 140829
SOU 140530	SOU 140605	SOU 140680	SOU 140755	SOU 140830
SOU 140531	SOU 140606	SOU 140681	SOU 140756	SOU 140831
SOU 140532	SOU 140607	SOU 140682	SOU 140757	SOU 140832
SOU 140533	SOU 140608	SOU 140683	SOU 140758	SOU 140833
SOU 140534	SOU 140609	SOU 140684	SOU 140759	SOU 140834
SOU 140535	SOU 140610	SOU 140685	SOU 140760	SOU 140835
SOU 140536	SOU 140611	SOU 140686	SOU 140761	SOU 140836
SOU 140537	SOU 140612	SOU 140687	SOU 140762	SOU 140837
SOU 140538	SOU 140613	SOU 140688	SOU 140763	SOU 140838
SOU 140539	SOU 140614	SOU 140689	SOU 140764	SOU 140839
SOU 140540	SOU 140615	SOU 140690		SOU 140840
SOU 140541	SOU 140616		SOU 140766	SOU 140841
SOU 140542	SOU 140617	SOU 140692	SOU 140767	SOU 140842
SOU 140543	SOU 140618	SOU 140693	SOU 140768	SOU 140843
SOU 140544	SOU 140619	SOU 140694	SOU 140769	SOU 140844
SOU 140545	SOU 140620	SOU 140695	SOU 140770	SOU 140845
SOU 140546	SOU 140621	SOU 140696	SOU 140771	SOU 140846
SOU 140547		SOU 140697	SOU 140772	SOU 140847
SOU 140548	SOU 140623	SOU 140698	SOU 140773	SOU 140848
SOU 140549	SOU 140624	SOU 140699	SOU 140774	
SOU 140550	SOU 140625	SOU 140700	SOU 140775	SOU 140927
SOU 140551	SOU 140626	SOU 140701	SOU 140776	SOU 140928
SOU 140552	SOU 140627	SOU 140702	SOU 140777	SOU 140929
SOU 140553	SOU 140628	SOU 140703	SOU 140778	SOU 140930
SOU 140554	SOU 140629	SOU 140704	SOU 140779	
SOU 140555	SOU 140630	SOU 140705	SOU 140780	
SOU 140556	SOU 140631	SOU 140706	SOU 140781	LESSORS TOTAL COST:
SOU 140557	SOU 140632	SOU 140707	SOU 140782	
SOU 140558	SOU 140633	SOU 140708	SOU 140783	\$4,506,250.00
SOU 140559	SOU 140634	SOU 140709	SOU 140784	
SOU 140560	SOU 140635	SOU 140710	SOU 140785	
SOU 140561	SOU 140636	SOU 140711	SOU 140786	
SOU 140562	SOU 140637	SOU 140712	SOU 140787	
SOU 140563	SOU 140638	SOU 140713	SOU 140788	
SOU 140564	SOU 140639	SOU 140714	SOU 140789	
SOU 140565	SOU 140640	SOU 140715	SOU 140790	
SOU 140566	SOU 140641	SOU 140716	SOU 140791	
SOU 140567	SOU 140642	SOU 140717	SOU 140792	
SOU 140568	SOU 140643	SOU 140718	SOU 140793	
SOU 140569		SOU 140719	SOU 140794	
SOU 140570	SOU 140645	SOU 140720	SOU 140795	
SOU 140571	SOU 140646	SOU 140721	SOU 140796	
SOU 140572	SOU 140647	SOU 140722	SOU 140797	
SOU 140573	SOU 140648	SOU 140723	SOU 140798	
SOU 140574	SOU 140649	SOU 140724	SOU 140799	

Lessee's Initials

JAS

EXHIBIT C
TO EQUIPMENT LEASE
DATED AS OF JULY _____, 1991
BETWEEN
BARCLAYS LEASING, INC.
AND
SOUTHRAIL CORPORATION

Base Lease Term Commencement Date:	August 10, 1991
Expiration Date:	August 10, 2001
Basic Lease Rate Factor:	1.201% of Lessor's Cost <u>a/</u>
Daily Lease Rate Factor:	.04003% of Lessor's Cost
Late Payment Rate:	18% per annum
First Basic Rent Date:	August 10, 1991
Last Basic Rent Date:	August 10, 2001
Basic Rent Dates:	10th Day of each Month of each year of Lease Term
Early Termination Value:	96th Month - 44.174% of Lessor's Cost <u>b/</u>
Early Termination Value:	108th Month - 32.304% of Lessor's Cost <u>b/</u>

a/ The Basic Lease Rate Factor shown above is predicated on an anticipated Closing Date of July 19, 1991 and on a 10-year U.S. Treasury Constant Maturity Rate of 8.30% ("Benchmark Rate"). If this transaction has a Closing Date after July 19, 1991 the Basic Lease Rate Factor as shown shall be adjusted up or down by .0109% of Lessor's Cost for every corresponding .25% change or pro rata portion thereof in the 10-year U.S. Treasury Constant Maturity Rate from Benchmark Rate. The Basic Lease Rate Factor shall be determined on the Closing Date predicated on the four week average of the 10-year U.S. Treasury Constant Maturity Rate for the four weeks preceding such date and such Basic Lease Rate Factor shall apply to all applicable Items of Equipment accepted by the Lessee pursuant to Section 3 of the Lease throughout its Lease Term.

b/ Any change in the Basic Lease Rate Factor as set forth in a/ above shall also create a corresponding change in the Early Termination Values.

Lessee's Initials: JAS

EXHIBIT D
TO EQUIPMENT LEASE
DATED AS OF JULY _____, 1991
BETWEEN
BARCLAYS LEASING, INC.
AND
SOUTHRAIL CORPORATION

SCHEDULE OF CASUALTY VALUES

The Casualty Value of any item of a Group of Equipment as of the date on which such amount is due shall be as follows:

- (i) On any Basic Rent Date, an amount equal to the sum of (1) the Basic Rent due on such date plus (2) an amount equal to the percentage shown below opposite the Basic Rent Date indicated below next following the date on which the Event of Loss occurred multiplied by the Lessor's Cost of such Item of Equipment.

Any change to the Basic Lease Rate Factor as described in Exhibit C shall also create a corresponding change in the Casualty Percentages presented below.

<u>Basic Rent</u> <u>Number</u>	<u>Percentage (%)</u>	<u>Basic Rent</u> <u>Number</u>	<u>Percentage (%)</u>
1	103.961	31	91.591
2	102.868	32	91.081
3	102.598	33	90.562
4	102.323	34	90.038
5	102.042	35	89.506
6	101.745	36	88.969
7	101.442	37	88.424
8	101.132	38	87.872
9	100.815	39	87.314
10	100.484	40	86.748
11	100.147	41	86.175
12	99.797	42	85.596
13	99.441	43	85.009
14	99.078	44	84.414
15	98.702	45	83.812
16	98.319	46	83.207
17	97.930	47	82.594
18	97.527	48	81.977
19	97.118	49	81.352
20	96.702	50	80.720
21	96.277	51	80.083
22	95.842	52	79.439
23	95.401	53	78.786
24	94.951	54	78.130
25	94.494	55	77.465
26	94.030	56	76.792
27	93.557	57	76.113
28	93.077	58	75.430
29	92.590	59	74.738
30	92.094	60	74.042

Lessee's Initials: JAS

EXHIBIT D (continued)

<u>Basic Rent Number</u>	<u>Percentage (%)</u>	<u>Basic Rent Number</u>	<u>Percentage (%)</u>
61	73.338	91	48.860
62	72.625	92	47.932
63	71.908	93	46.997
64	71.182	94	46.062
65	70.448	95	45.118
66	69.710	96	44.174
67	68.962	97	43.220
68	68.207	98	42.257
69	67.444	99	41.294
70	66.676	100	40.321
71	65.900	101	39.337
72	65.119	102	38.355
73	64.329	103	37.362
74	63.530	104	36.359
75	62.726	105	35.350
76	61.913	106	34.341
77	61.090	107	33.323
78	60.263	108	32.304
79	59.427	109	31.275
80	58.581	110	30.236
81	57.728	111	29.196
82	56.873	112	28.147
83	56.009	113	27.086
84	55.142	114	26.026
85	54.266	115	24.955
86	53.381	116	23.873
87	52.493	117	22.785
88	51.596	118	21.704
89	50.689	119	20.612
90	49.779	120	20.000

Lessee's Initials: JAS

ASSIGNMENT OF PURCHASE AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, SouthRail Corporation ("Assignor"), a Delaware corporation, hereby sells, assigns, transfers and sets over unto Barclays Leasing, Inc., ("Assignee"), all of Assignor's right, title and interest in and to the cars ("Cars") as set forth and described in the purchase agreement ("Purchase Agreement") between Norfolk Southern Railway Company ("Seller") and Assignor, which Purchase Agreement is dated July 19, 1991 and attached hereto; and in addition, Assignor sells, assigns transfers and sets over unto Assignee all of Assignor's rights and interests in and to said Purchase Agreement, including without limitation, (a) the right, upon valid tender by Seller, to purchase the Cars pursuant to the Purchase Agreement, and the right to take title to the Cars and to be named the purchaser in each bill of sale to be delivered by Seller for the Cars and to be named as owner in any document or filing to be made upon public records, and (b) any and all rights of Assignor to compel performance of the terms of the Purchase Agreement in respect of the Cars.

Assignor expressly agrees that, anything herein contained to the contrary notwithstanding: (a) Assignor shall at all times remain liable to Seller under the Purchase Agreement to perform all of the duties and obligations of Assignor thereunder to the same extent as if this Assignment had not been executed; (b) the exercise by Assignee of any of the rights assigned hereunder shall not release Assignor from any of its duties or obligations to Seller under the Purchase Agreement except to the extent that such exercise by Assignee shall constitute performance of such duties and obligations; and (c) Assignee shall have no obligation or liability under the Purchase Agreement by reason of, or arising out of, this Assignment, or be obligated to perform any of the obligations or duties of Assignor under the Purchase Agreement or to make any payment or to make any inquiry as to the sufficiency of any payment or to present or file any claim or to take any other action with respect to the Purchase Agreement.

Assignor agrees that at any time and from time to time upon the written request of Assignee, Assignor will properly and duly execute any and all such further instruments and take such further action as Assignee may reasonably request in order to obtain the full benefits of this Assignment of Purchase Agreement and of the rights and powers herein granted.

Assignor hereby represents and warrants that the Purchase Agreement is in full force and effect and that Assignor is not in default thereunder. Assignor hereby further represents and warrants that Assignor has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as this Assignment of Purchase Agreement shall remain in effect, the whole or any part of the rights hereby assigned or any of its rights with respect to the Cars to anyone other than Assignee.

IN WITNESS WHEREOF, Assignor has caused this Assignment of Purchase Agreement to be duly executed as of the 19th day of July, 1991.

SOUTHRAIL CORPORATION

By: _____

Title: _____

BARCLAYS LEASING, INC. (Assignee)

By: _____

Title: _____

SELLER CONSENT TO ASSIGNMENT OF PURCHASE AGREEMENT

Seller hereby consents to the Assignment of the Purchase Agreement from Assignor to Assignee upon the terms and conditions therein contained and hereby confirms to Assignee that:

(a) all representations, warranties and agreements of Seller under the Purchase Agreement or otherwise with respect to the Cars shall inure to the benefit of Assignee to the same extent as if it was originally named the buyer therein; (b) Assignee shall not be liable for any of the obligations or duties of Assignor under the Purchase Agreement or otherwise, nor shall the Assignment of Purchase Agreement give rise to any duties or obligations whatsoever on the part of Assignee owing to Seller; and (c) Seller hereby agrees that it will comply with the requirements of any applicable law, rule or regulation in delivering the Cars, or any other obligations under the Purchase Agreement.

NORFOLK SOUTHERN RAILWAY COMPANY

By: _____

Title: _____

EXHIBIT F
TO EQUIPMENT LEASE
DATED AS OF _____, 1991 BETWEEN
BARCLAYS LEASING, INC.,
AND

BILL OF SALE

9642L

CONTINUING GUARANTY

To: Barclays Leasing, Inc.

Because of our economic interest in SouthRail Corporation ("Debtor") a corporation organized under the laws of the state of Delaware, it will be to our direct interests and advantage to assist the Debtor to procure funds, credit or other financial or leasing assistance from you in order to further its business.

THEREFORE, FOR VALUE RECEIVED, the receipt and adequacy of which are hereby acknowledged and in order to induce Barclays Leasing, Inc. (hereinafter referred to as "Barclays" or "you") to enter into an agreement with and to have transactions with SouthRail Corporation ("Debtor"), the undersigned Guarantor jointly and severally with any other Guarantor (whether a signatory hereunder or otherwise) unconditionally guarantees to Barclays and its successors and assigns the prompt payment in full and when due and at all times thereafter (waiving notice of nonpayment) of any and all rentals, indebtedness, obligations, and liabilities of every kind or nature now or at any time hereafter owing to you by Debtor. This Guaranty shall not be limited to any particular lease, transaction, indebtedness, obligation or liability of Debtor to Barclays, but shall be all-inclusive, including any obligation and liability of Debtor to you in any capacity. The undersigned Guarantor agrees on demand to reimburse you and your successors or assigns for all expenses, collection charges and costs of whatsoever kind or nature as well as reasonable attorneys' fees as they are incurred and finally awarded in your efforts to collect or enforce this Guaranty or any of the obligations of Debtor.

The undersigned Guarantor agrees that this Guaranty shall not be impaired by any modifications, extensions, amendments, releases or other alterations of any agreement or of the obligation hereby guaranteed or of any security therefore. The undersigned Guarantor further agrees that its liability is primary, direct and unconditional and enforceable without prior resort to any other Guarantor, right, remedy, or security and hereby specifically waives any right it may have at law or in equity to require Barclays to pursue or resort to any other Guarantor (or other party) right, remedy or security. We further agree that to the extent Debtor makes a payment or payments to Barclays, which payment or payment or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy code, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made. This Guaranty may be terminated only by notice sent to you by registered mail, stating an effective date after the receipt of such notice, and shall continue with respect to any transaction with you and any obligation of the Debtor to you incurred prior to the effective date of termination. (No termination hereof shall be effected by our dissolution, merger, termination, bankruptcy, insolvency, or our ceasing to conduct business as a going concern.)

The undersigned Guarantor waives notice of acceptance hereof or of any transactions with Debtor, presentment and protest of any instrument and notice thereof, notice of default, and forbearance or extension and any other notices. The undersigned Guarantor waives and bars itself from any right to set-off, recoup or counterclaim or demand against Debtor, and as further security to you, subordinates to you all debts or liabilities now or hereafter owing by Debtor to us.

This Guaranty shall be governed as to validity, interpretation, and effect by the laws of the State of North Carolina and the parties hereto consent to the jurisdiction of the courts of the State of North Carolina for purposes of enforcing this Guaranty. This Guaranty shall inure to the benefit of yourself, your successors and assigns and shall bind our respective heirs, administrators, personal representatives, successors and assigns, but shall not be assignable by us without your prior written consent. In the event any term or condition of this Guaranty shall be deemed invalid or unenforceable for any reason, the remaining terms and conditions shall remain in full force and effect. For purposes of interpretation of this Guaranty, the plural shall be deemed the singular and the singular the plural, whenever necessary.

WITNESS our hands and seals this 19th day of July, 1991.

(Affix Corporate Seal)

Attest:

Secretary

MIDSOUTH CORPORATION

Its:

SECRETARY

By:

Its:

VICE PRESIDENT

(Seal)

CONTINUING GUARANTY

To: Barclays Leasing, Inc.

Because of our economic interest in SouthRail Corporation ("Debtor") a corporation organized under the laws of the state of Delaware, it will be to our direct interests and advantage to assist the Debtor to procure funds, credit or other financial or leasing assistance from you in order to further its business.

THEREFORE, FOR VALUE RECEIVED, the receipt and adequacy of which are hereby acknowledged and in order to induce Barclays Leasing, Inc. (hereinafter referred to as "Barclays" or "you") to enter into an agreement with and to have transactions with SouthRail Corporation ("Debtor"), the undersigned Guarantor jointly and severally with any other Guarantor (whether a signatory hereunder or otherwise) unconditionally guarantees to Barclays and its successors and assigns the prompt payment in full and when due and at all times thereafter (waiving notice of nonpayment) of any and all rentals, indebtedness, obligations, and liabilities of every kind or nature now or at any time hereafter owing to you by Debtor. This Guaranty shall not be limited to any particular lease, transaction, indebtedness, obligation or liability of Debtor to Barclays, but shall be all-inclusive, including any obligation and liability of Debtor to you in any capacity. The undersigned Guarantor agrees on demand to reimburse you and your successors or assigns for all expenses, collection charges and costs of whatsoever kind or nature as well as reasonable attorneys' fees as they are incurred and finally awarded in your efforts to collect or enforce this Guaranty or any of the obligations of Debtor.

The undersigned Guarantor agrees that this Guaranty shall not be impaired by any modifications, extensions, amendments, releases or other alterations of any agreement or of the obligation hereby guaranteed or of any security therefore. The undersigned Guarantor further agrees that its liability is primary, direct and unconditional and enforceable without prior resort to any other Guarantor, right, remedy, or security and hereby specifically waives any right it may have at law or in equity to require Barclays to pursue or resort to any other Guarantor (or other party) right, remedy or security. We further agree that to the extent Debtor makes a payment or payments to Barclays, which payment or payment or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy code, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made. This Guaranty may be terminated only by notice sent to you by registered mail, stating an effective date after the receipt of such notice, and shall continue with respect to any transaction with you and any obligation of the Debtor to you incurred prior to the effective date of termination. (No termination hereof shall be effected by our dissolution, merger, termination, bankruptcy, insolvency, or our ceasing to conduct business as a going concern.)

The undersigned Guarantor waives notice of acceptance hereof or of any transactions with Debtor, presentment and protest of any instrument and notice thereof, notice of default, and forbearance or extension and any other notices. The undersigned Guarantor waives and bars itself from any right to set-off, recoup or counterclaim or demand against Debtor, and as further security to you, subordinates to you all debts or liabilities now or hereafter owing by Debtor to us.

This Guaranty shall be governed as to validity, interpretation, and effect by the laws of the State of North Carolina and the parties hereto consent to the jurisdiction of the courts of the State of North Carolina for purposes of enforcing this Guaranty. This Guaranty shall inure to the benefit of yourself, your successors and assigns and shall bind our respective heirs, administrators, personal representatives, successors and assigns, but shall not be assignable by us without your prior written consent. In the event any term or condition of this Guaranty shall be deemed invalid or unenforceable for any reason, the remaining terms and conditions shall remain in full force and effect. For purposes of interpretation of this Guaranty, the plural shall be deemed the singular and the singular the plural, whenever necessary.

WITNESS our hands and seals this 19th day of July, 1991.

(Affix Corporate Seal)

Attest:

Secretary

Its:

VICE PRESIDENT

MIDLOUISIANA RAIL CORPORATION

By:

Its:

VICE PRESIDENT

(Seal)

CONTINUING GUARANTY

To: Barclays Leasing, Inc.

Because of our economic interest in SouthRail Corporation ("Debtor") a corporation organized under the laws of the state of Delaware, it will be to our direct interests and advantage to assist the Debtor to procure funds, credit or other financial or leasing assistance from you in order to further its business.

THEREFORE, FOR VALUE RECEIVED, the receipt and adequacy of which are hereby acknowledged and in order to induce Barclays Leasing, Inc. (hereinafter referred to as "Barclays" or "you") to enter into an agreement with and to have transactions with SouthRail Corporation ("Debtor"), the undersigned Guarantor jointly and severally with any other Guarantor (whether a signatory hereunder or otherwise) unconditionally guarantees to Barclays and its successors and assigns the prompt payment in full and when due and at all times thereafter (waiving notice of nonpayment) of any and all rentals, indebtedness, obligations, and liabilities of every kind or nature now or at any time hereafter owing to you by Debtor. This Guaranty shall not be limited to any particular lease, transaction, indebtedness, obligation or liability of Debtor to Barclays, but shall be all-inclusive, including any obligation and liability of Debtor to you in any capacity. The undersigned Guarantor agrees on demand to reimburse you and your successors or assigns for all expenses, collection charges and costs of whatsoever kind or nature as well as reasonable attorneys' fees as they are incurred and finally awarded in your efforts to collect or enforce this Guaranty or any of the obligations of Debtor.

The undersigned Guarantor agrees that this Guaranty shall not be impaired by any modifications, extensions, amendments, releases or other alterations of any agreement or of the obligation hereby guaranteed or of any security therefore. The undersigned Guarantor further agrees that its liability is primary, direct and unconditional and enforceable without prior resort to any other Guarantor, right, remedy, or security and hereby specifically waives any right it may have at law or in equity to require Barclays to pursue or resort to any other Guarantor (or other party) right, remedy or security. We further agree that to the extent Debtor makes a payment or payments to Barclays, which payment or payment or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy code, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made. This Guaranty may be terminated only by notice sent to you by registered mail, stating an effective date after the receipt of such notice, and shall continue with respect to any transaction with you and any obligation of the Debtor to you incurred prior to the effective date of termination. (No termination hereof shall be effected by our dissolution, merger, termination, bankruptcy, insolvency, or our ceasing to conduct business as a going concern.)

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This Guaranty shall be governed as to validity, interpretation, and effect by the laws of the State of North Carolina and the parties hereto consent to the jurisdiction of the courts of the State of North Carolina for purposes of enforcing this Guaranty. This Guaranty shall inure to the benefit of yourself, your successors and assigns and shall bind our respective heirs, administrators, personal representatives, successors and assigns, but shall not be assignable by us without your prior written consent. In the event any term or condition of this Guaranty shall be deemed invalid or unenforceable for any reason, the remaining terms and conditions shall remain in full force and effect. For purposes of interpretation of this Guaranty, the plural shall be deemed the singular and the singular the plural, whenever necessary.

WITNESS our hands and seals this 19th day of July, 1991.

(Affix Corporate Seal)

Attest:

Secretary

Its:

MIDSOUTH RAIL CORPORATION

By:

(Seal)

Its:

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 19th Day of July, 1991, personally came before me W. D. Thompson who, being by me duly sworn, says that he is the Senior Vice President of Barclays Leasing, Inc., and that the seal affixed to the foregoing instrument in writing is the corporate seal of the company, and that the said writing was signed and sealed by him, in behalf of said corporation, by its authority duly given. And the said Assistant Secretary acknowledged the said writing to be the act and deed of said corporation.

J. Douglas Preslar
Notary Public

My Commission Expires:

June 12, 1995

[NOTARIAL SEAL]

State of Mississippi)
County of HINDS) SS:

On this 18th day of JULY, 1991, before me personally, appeared JOHN A. SCOTTO, to me known to be the person described in and who executed the foregoing instrument and who acknowledged that he executed the same as his free act and deed.

[Seal]

Phyllis G. Holland
Notary Public

My Commission Expires:

My Commission Expires Aug. 11, 1994